REAL ESTATE and BUILDING

OCTOBER \* 1951



MODERNIZATION: BOOM CONTINUES ON INCOME PROPERTY ... See Page 18

#### BUILD HOMES NO ONE ELSE HAS



The Eastwood

Two bedroom home. Modern as this moment. Designed by Robison Heap noted contemporary architect

## build Peaseway Contemporary

Homes



Be the first builder in your area to build the Peaseway
"New-Design" Homes. They're New! Exciting! The first CONTEMPORARY
DESIGN homes in the prefabricated field. They're the

homes that fulfill the ever increasing demand for better indoor-outdoor living. They mark the beginning of a new era in home building.

These Peaseway "New-Design" Homes were created by such famous masters of contemporary design as Oscar Stonorov, Robison Heap, and Schwarz and West! They provide unsurpassed livability, quality and durability. Write for the Peaseway Plan and learn how these homes can be yours to build on a franchise basis in your territory. Learn, too, about the complete line (8 different designs) of Peaseway Homes you can offer—ranging from a 2-bedroom home of 691 square feet to the most recent "NEW-DESIGN" home containing 4 bedrooms and 2 baths with 1410 square feet of floor space. Prices range from \$7,000 up. F.H.A. approved.

Many Peaseway franchise builder-erectors have found that the Peaseway plan has gained for them prominence and dominance in their market. Each franchise is a valuable property and enables you to build for any market including large private and public projects. We invite you to write . . . just a few lines on your letterhead—asking for the Peaseway Plan.



Three bedroom home for more and better living designed by Schwarz and West—A. I. A.



The Archwood

Four bedroom home. Another first
in better housing by nationally
known contemporary architect
Oscar Stonorov—A.L.A.—A.L.P.

WRITE TO: ROOM 1005 \_

PEASE WOODWORK COMPANY

CINCINNATI 23, OHIO

"In business in Cincinnati since 1893"

## LOOK! OUR HONEYWELL CONTROLS HAVE PAID FOR THEMSELVES ALREADY!



Chances are that's what you'll say—a few years after you replace your outmoded temperature controls with a Honeywell weatherstat system.

The latest Honeywell controls set new standards of accuracy-stop wasteful overheating. And these controls are the simplest ever built-cost you much less to maintain.

That's not all! With modern Honeywell equipment, you keep your occupants happier and more comfortable. And you spend far less time and money adjusting complaints about the heat.

Why not call your Honeywell office today? Or write Honeywell, Dept. BJ-10-112 Minneapolis 8, Minnesota. Ask for a FREE SURVEY of your temperature control requirements by a Honeywell engineer. There's no cost or obligation—you've nothing to lose but your troubles.



First in Controls

NATIONAL REAL ESTATE AND BUILDING JOURNAL is entered as second class matter, August, 1942, at the post office, Cedar Rapids, Iowa, unde the Act of Congress, March 3, 1879. Copyright 1951, by Stamats Publishing Company, Member, Audit Bureau of Circulations. Terms: 50 cents a copy 94 a year, 87 two years, 810 three years in the United States. In Canada, 85 a year; in all other countries, 85.00 a year. Back issues \$1, except Roster



## **NEW WINDOW SYSTEM**



Above, small home as originally designed.

Below, same home with panel window system,
glazed with Thermopane.

Look at these two drawings. They're the same house—one with conventional window treatment and the other with the newest idea in windows, panel window frames.

Result—better-looking, bigger window areas (and you know how popular they are) achieved so economically that you should actually be able to use *Thermopane\** insulating glass throughout the house.

Panel window frames are rabbeted and joined 2 x 6's into which you can insert *Thermopane*, made of half-inch DSA window glass, as fixed lights or in operating ventilators. With only two low-cost, standard sizes of glass you can glaze an entire house—every opening, regardless of area. And it's quick—a carpenter can put together the frame for an entire 9-light window wall in 20 minutes.

These panel window frames have become so popular that in some parts of the country they are now being *prefabricated* at amazing low cost, shipped in a bundle to your site for quick assembly and glazing.



## Why builders figure this system saves money... provides insulated window wall without extra cost

A number of builders have told us a *Thermopane* panel window costs no more than a conventional wall with ordinary windows.

Here's how they figure it:

The frames go in quickly, saving much labor

The window area replaces siding, paper, sheathing, studding, plaster and decorating cumulatively expensive. Figure the total squarefoot cost for all those items and you'll see what they represent in savings of materials.

That's economical construction—but what about the glass? These builders use economical standard units of Thermopane made with DSA window glass. They are economical in cost, easy to handle, simple and quick to glaze.

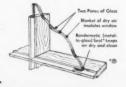
Economical construction—economical, sealed double-glazing. It adds up to more house for

the money.



Thermopane

# ----- LOOK FOR THE NAME ON THE SEAL BETWEEN THE PANES -----

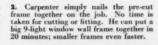


## ADDS APPEAL TO HOUSES

and saves time, reduces costs

Actually enables you to use Thermopane every window low-budget homes

 Frame (from one to nine lights) comes to the site as bundled 2 x 6's that are pre-cut, rabbeted, ready for assembly. Or they can be cut and rabbeted by the builder, or by a millwork supplier.





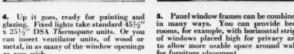




metal ventilators are also available.



 Panel window frames can be combined in many ways. You can provide bed-rooms, for example, with horizontal strips of windows placed high for privacy and to allow more usable space around walls for forming the plant of the privacy of the property of the prop for furniture placement.



SEND FOR FULL INFORMATION . . . MAIL THE COUPON



#### FREE DETAILS

We will send you free, detail sheets showing how to make and install panel windows.



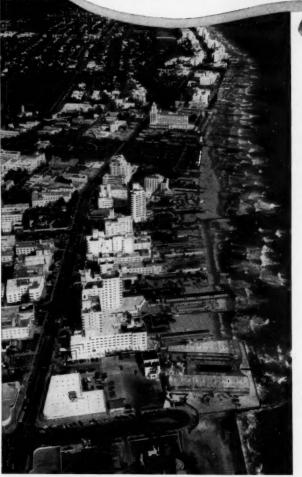
Libbey-Owens-Ford Glass Company 15101 Nicholas Building, Taledo 3, Ohio

Please send me complete information on installation methods for low-cost window walls of Thermopone.

........................ (Please Print)

# Miami Beach Hotels WHERE ONLY THE BEST IS SPECIFIED - CHOOSE

## BRIGGS Beautyware



#### NEW PROOF OF BRIGGS POPULARITY AND RELIABILITY!

Owners of the luxurious hotels which line the ocean front along the glittering Gold Coast of Miami Beach must furnish their bathrooms with care and discrimination. That's why, since 1938, 168 of them have chosen Briggs Beautyware plumbing fixtures-mostly in color! Briggs gives them charm and beauty which delight their paying guests! Briggs assures durability and fade-proof, stain-proof finish, impervious to the damaging effect of tropical weather conditions. And, best of all, Briggs Beautyware gives them famous decorator colors in the height of style and good taste at only ten per cent more than white'\* Talk about public acceptance! One Miami plumbing contractor has recently installed 3300 units in color in apartments, projects, private homes, hotels and motels in greater Miami. This localized example of Briggs popularity is reflected in similar stories from practically every state in the nation!

> \*Briggs color is only ten per cent more than white when purchased in complete sets!

BRIGGS MANUFACTURING COMPANY, 3001 MILLER AVENUE, DETROIT 11, MICHIGAN



## Cost <u>Jess</u> Than Many Domestic Woods!

The Mengel Company is now able to offer you African Mahogamy Flush Doors at prices actually less than you pay for many domestic woods!

Operating its own large logging concession and mill in the best Mahogany section of Africa, Mengel imports this King of Woods in tremendous volume. The savings of these large scale operations are passed on to you.

What's more, when you choose Mengel Mahogany Flush Doors, you're assured of finest construction, guaranteed by the world's largest manufacturer of hardwood products. Mengel Mahogany Flush Doors have been tested and proved in thousands of installations. Better doors cannot be bought!

Let us tell you about the extra quality, the extra luxury, the extra value of Mengel Flush Doors in genuine Mahogany! Mail the coupon for complete information.

The Mengel Company . . . America's largest manufacturers of hardwood products • growers and processors of timber • manufacturers of fine furniture • veneers • plywood • flush doors • corrugated containers • kirchen cabinets and wall clustets

	GEL COMPANY vision, Louisville 1, Ky.
	Please send me full information on Menge Flush Doors-both Hollow Core and Stabilized
Name	
Firm	
Street	
City.	State

## FOR PERMANENCE WITH MINIMUM MAINTENANCE AT LOWEST COST...

specify aluminum

Lowest in price of all rustproof metals, aluminum has additional superiorities important to all realty investment. Aluminum is non-staining. . . . the years merely "weather" it to greater beauty, with no need for protective painting. And aluminum's capacity to reflect up to 95% of radiant heat makes it excellent insulation, either as roofing and siding or inside walls and attic. For the latter applications, Reynolds Aluminum Reflective Insulation also provides maximum vapor barrier protection. Reynolds Metals Company, Building Products Section, Louisville 1, Ky.

REYNOLDS Lifetime ALUMINUM GUTTERS AND DOWNSPOUTS

FLASHING . ROOFING ACCESSORIES . NAILS

INDUSTRIAL CORRUGATED . WEATHERBOARD SIDING

5-V CRIMP AND CORRUGATED ROOFING AND SIDING

REYNOLDS ALUMINUM WINDOWS
Residential Casement, Double-Hung, Fixed and Picture

REYNOLDS ALUMINUM REFLECTIVE INSULATION

Aluminum is required for planes and other military needs. Production on some of the above items continues but in limited amount. Expanding aluminum capacity promises increased supply.



#### REYNOLDS ALUMINUM

Reynolds Metal Building Produ 2016 South Nin From the listin	cts Section, 1th St., Louisville 1,	Ky.  Ularly interested in the
ronowing product	in theuse send comp	note information.
Name		Title
Name		Title
		Title

#### Downs Predicts Greater Demand For Mortgage Financing

AT the recent annual convention in Chicago of the American Bankers Association, James C. Downs, Jr., president of Real Estate Research Corporation of Chicago, predicted that mortgage financing demands in 1952 will be greater than the average of the past 10 years.

Claiming that mortgage lending is more and more a consumer financing activity, Downs said, "The next year will see a record number of potential property users of all types. Both business and individuals will have peak purchasing power and a high capacity

to support mortgage loans.

"The sharp decline in mortgage activity during the past few months was not caused by any change in the demand for mortgages, but rather by a radical and arbitrary shift in the mortgage money market. As is always true in a managed economy, the regulations which were adopted turned out to be an overcorrection."

Looking ahead to next year. Downs pointed out that mortgage money is already becoming more plentiful as the result of high earnings and a reaction from the post-Korean buying splurge. He predicted that competition for loans would grow keener by the early part of 1952 and that loans would be available for veterans' housing at terms recently approved by Congress, either as a result of developments in the money markets or further political action.

Speaking of the influence of the national security program on 1952 construction, Downs said, "Up to now there has been no real shortage of materials for home construction, even at the high rate of building which has marked the past few months. Whereas certain metals will be in short supply and others will be restricted, neither of these factors will cause major curtailments in single-family home starts.

"The outlook for financing new construction of apartment buildings, hotels, and certain classes of commercial buildings is definitely clouded by government restrictions and a lack of risk capital. Declines in mortgage lending in these classifications will keep 1952 from being as good a year as any of the last three," according to Mr. Downs.

Referring to recent claims that real estate demand has fallen off in a number of sections of the country, Downs said that in spite of the building boom, demand for all types of property has grown faster than supply.

#### **Orchids**

"You are doing a good job on the JOURNAL and I enjoy reading each issue."

ADAM E. HECKER Mount Morris, Illinois

"Our compliments on the outstanding job you are doing for the real estate industry. Keep up the good work. Your articles are gems."

CHARLES R. EDRINGTON Tacoma, Washington

"We enjoy every page of the JOURNAL . . . it keeps us informed."

RUTH V. BECK Weirton, West Virginia Realtons

.... NATIONAL



#### AND YOU BUILD SUCCESS!



NATION'S LARGEST PRODUCERS OF PREFABRICATED HOMES...  NATIONAL HOMES' smartness, variety and VALUE make them the best selling homes on the market. Our new rambling ranch-type and Cape Cod models are a hit wherever shown.

Get the facts. See what it can mean to your business — now and in the future —to become a National Homes Dealer-Builder. Write today!

Mational HOMES

CORPORATION, Lafayette, Ind.
EASTERN PLANT: HORSEHEADS, NEW YORK

## WOMEN EXPECT TO SEE



Mr. Chas. A. Mohr, President of the National Realty Corp. of Baltimore, Md. and President of the Builders Assn. of Md., gives you the straight facts about why he installs General Electric Kitchen equipment.

HERE'S MR. MOHR calling on Mrs. E. Glenn Moore, Jr. in Woodmoore, suburban Baltimore. The Moores purchased their G-E equipped house 7 months ago, and Mr. Mohr is calling to get Mrs. Moore's firsthand comments.

Mr. Mohr sold his first group of 57 homes the first day they were advertised. Since then, he has erected more than a hundred additional homes. And, to quote Mr. Mohr, "the rest of these G-E equipped homes also sold themselves."

"No matter what the price range may be, women do expect to see General Electric equipment in the kitchen or else they're not keenly interested. It's no secret: G-E Kitchens sell my houses!" Home Bureau, General Electric Company, Bridgeport 2, Conn.



"We're so very pleased with our G-E Disposall, ® Mr. Mohr. Now we get rid of garbage immediately. It's so easy just to scrape food-waste down the drain. So wonderful, too, for disposing of cantaloupe and watermelon! It washes garbage away simply by turning on the cold water."



"When two people work away from home as we do, it's awfully tiring just to stand there and wash dishes. With our G-E Dishwasher, however, we just stack them and have the work done automatically. The G-E Dishwasher does a much better job than I could do by hand, too!"

## **G-E EQUIPMENT IN THE KITCHEN!"**



"Before I moved here, Mr. Mohr, I had a gas range and I hated to cook. This new G-E Range with its push buttons and automatic oven, is simply wonderful. And, we particularly like the deep well. It's grand for steamed shrimp. This G-E Range suits me to a 'T'."



"My mother has a General Electric Refrigerator and she thinks it's marvelous. She's so enthusiastic about her General Electric that I wanted none other. A General Electric Refrigerator is so quiet, dependable, and it has so much space for all foods!"



"Now we never want for bot water. There's always enough for all purposes, Mr. Mohr. Why, as a matter of fact, it's now turned on the low mark of the indicator and I've never even had to turn it up. General Electric certainly makes efficient products."



"Mr. Mohr, I want to tell you again that paying for this G-E Kitchen equipment as a part of our regular mortgage is really the most painless method of payment I know of. Why, the additional charges are less than five dollars a month!" P. S. "Our G-E Cabinets are swell, too!"

You can put your confidence in-

GENERAL ELECTRIC





A. A. Taul and his associates have been leading developers in North Kansas City and Clay County. An active civic worker and former alderman, Mr. Taul has a hobby of training fine horses and has won ribbons in numerous horse shows, including the American Royal.

WE ARE SENDING PERFECT HOME Magazine into the key homes of our community each month to help establish, maintain, and accelerate third party influence," says A. A. Taul of Taul-Taul, North Kansas City, Missouri real estate organization.

"PERFECT HOME is like a personal call upon the people whose opinions carry weight, creating a condition whereby they express favorable opinions about our company.

"The business firms associated with us in sponsoring PERFECT HOME are very proud of this prestige builder. It is doing a great public relations job for all of us."

It is for such blue-ribbon organizations as this that PERFECT HOME Magazine is designed to serve as a good-will and good-business builder. By helping to build and maintain prestige it performs a valuable background selling job.

PERFECT HOME is edited to tell the story of the leading real estate, home building, or home financing organization in a community. It serves its sponsors by serving its readers. Every page sparkles with fresh, alive articles, strikingly illustrated, that make home ownership as interesting as it can possibly be. A professional staff of trained journalists selects the latest in home design, construction, decoration, and equipment the country over.

Although professionally edited, profusely illustrated, PERFECT HOME is available to qualified building groups at nominal costs. Editorial preparation costs are shared among its users across the nation. Local reproduction and mailing costs are divided among the selected, reliable local building factors who join in sponsoring it and benefit from it.

A limited number of exclusive, annual, renewable franchises are open to established organizations with unusually high qualifications. If you are interested, address your inquiry to



STAMATS PUBLISHING COMPANY
CEDAR RAPIDS, IOWA





## Architect saves time and money in new hospital construction with

## STRAN-STEEL FRAMING



Interior view of Redfield (S.D.) hospital under construction, Stran-Steel framing comes pre-cut, pre-punched, treated with rust-inhibiting paint.



Exterior view of construction. Electrical wiring is installed through factory-punched holes in framing members.

Architects are quick to recognize the many advantages of Stran-Steel *nailable* framing in commercial and industrial construction. Read what Mr. A. McWayne, of Perkins and McWayne, architects and engineers, Sioux Falls, S.D., says:

"We are well pleased with the Stran-Steel construction as incorporated in the hospital at Redfield, South Dakota... Stran-Steel offers many possible savings in time and cost of construction."

Mr. McWayne says that Stran-Steel framing permitted complete enclosure of the building to allow interior work to proceed before exterior completion. This means that sub-trades (electrical, plumbing and heating) were not held up waiting for bricklayers, concrete workers, etc., to finish their jobs. Man-hours were saved and costs held down.

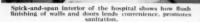
If you are planning a school, hospital or industrial building, it will pay you to investigate Stran-Steel framing. Complete literature available on request, or see Sweet's catalog service, architectural  $(\frac{3e}{E})$  and builders'  $(\frac{3e}{E})$  files.



Stran-Steel Division

Ecorse, Detroit 29, Mich







## REAL ESTATE and BUILDING JOURNAL

OCTOBER

1951

VOLUME 52

NUMBER 1

#### CONTENTS

for Mortgage Financing	8
Industry Spotlight	15
Editorial	. 17
Modernization: Boom Continues on Income Property	18
When Do I Earn My Commission? By John E. Gorsuch	. 20
Blueprint for Building a City	22
Depth Tables Hazardous for Today's Appraisals? By Frank A. DeBoos	. 24
Handling Retail Property Leases By Sidney D. Cohen	25
Closing Industrial Transactions By Laurence H. Lang	26
Tomorrow's Living Today	27
Characteristics of Today's Built-for-Sale Houses	. 21
Avoiding Legal Problems in Title Closings By Frank K. Sauer	. 30
Tax Facts By Bert V. Tornborgh	.3
Homes Our Readers Are Building	32
Accounting for Real Estate Builders (Part II) By Bert V. Tornborgh	. 34
Plastics Build a House By R. Teiser and C. Harroun	3!
Write the Way You Talk!	. 36
The Law Says By George F. Anderson	37
	. 39
	40
Among Ousselves	40

Published monthly for real estate builders, property managers, and real estate brokers, by Stamats Publishing Company, Publication Office and Headquarters, 427 Sixth Ave., S.E., Cedar Rapids, Iowa.

Subscription ptices: \$4 a year, \$7 two years, \$10 three years in the United States. In Canada, \$5 a year; in all other countries, \$6.50 a year. Single copies 50 cents; back issues except Roster issue \$1.

#### Industry Spotlight

Washington, D. C. — There's an important difference between the VA, FHA, and conventional loan rulings as to what "price" to use in determining percentage of downpayment for new homes under present defense housing act. VA differentiates between sales and transaction price. The former is the price at which property is offered for sale and it determines percentage category of downpayment. The latter price includes any closing costs and is the one used to figure actual amount of downpayment.

It works like this. A house costs \$9,850 and closing costs come to \$250. Since the sales price is \$9,850 a 6% downpayment is required, but the minimum downpayment is 6% of transaction price (\$10,100)

or \$606.

For FHA loans, on the other hand, percentage of downpayment is figured on the value determined by the FHA, also not including closing costs. On conventional loans, the total transaction price, including closing costs, is the price determining downpayment.

Confusion exists as to just what NPA's regulation M-4A, Section 7 actually refers. It applies only to aluminum in the "controlled material" forms and does not limit or control use of such "Class B" aluminum products as aluminum nails, roll valley and flashing shingles, screens, doors. These Class B products may be used in new construction, repair, maintenance, and replacement.

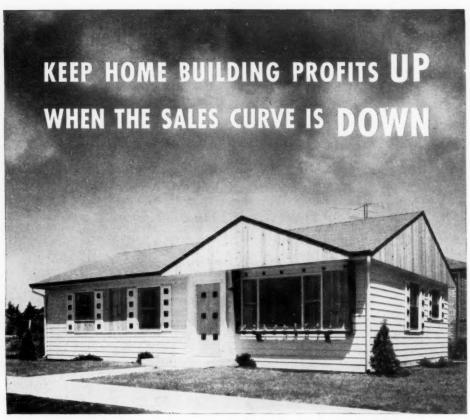
Industrial building awards for the first nine months of this year show a 179% increase over those of a similar period last year. Private housing awards are skidding . . . total awards to date are only \$1.4 billion compared with \$2.6 billion to date in 1950. Commercial buildings also show a decline. To date this year \$498.2 million has been awarded in construction contracts compared with \$748.9 million during similar period last year.

If current government budgets are approved, defense demands for plywood will probably require 35% of the industry's production. The stepped-up requirements of defense agencies stem, in part, from a federal directive to military specifying agencies that wood and plywood be included as an alternate for steel to conserve metal.

Being designated a "critical" defense area has not turned out to be the plum that many localities first thought. Credit restrictions are relaxed in such areas but not far behind this comes almost automatic recontrol of rents. And along with that bugaboo, unsold housing meets increased competition resulting from relaxed construction requirements.

.

The outlook for the mortgage money market, as reflected by delegates to the recent Mortgage Bankers Association Convention in San Francisco, is not as bad as many in the home building industry had feared. Judging from convention comments, the market should improve from now on rather than fade. One aspect still in the hard-to-figure column is how to market 4% VA loans.



#### SWITCH TO PREFABRICATION NOW! BUILD THE BETTER PEH WAY!

ENJOY smooth sailing in today's declining home market. Switch to prefabrication now, and build the better P & H way. End worries over government loan curbs, high costs, material shortages. Build immediately, profitably with the new 1951 factory-engineered homes.

Build Profitably—Whether you build 5 homes or 500, you can enjoy volume sales, project savings, minimum risk, prompt delivery, financing by taking advantage of the P & H Builder Profit Plan. You can sell quality homes priced for every volume market—floor areas from 672 to 960 square feet... two bedrooms or three, left hand plans or right, end placement plans for narrow lots.

Easy Approval—Government and financial agencies, local building authorities and city councils recognize the enduring quality and lasting value of P & H construction, engineered by Harnischfeger Corporation.

Financing Available—When local resources are limited, you can get construction loans or term mortgages through Harnischfeger Corporation's service subsidiary, Builder's Acceptance Company. Write for booklet, "P & H Builder Profit Plan."



It'S a temptation to foresake quality in favor of easier sales these days. Take our own home building industry, for example. The government is doing all it can to channel building activity into the low-price range. And it's providing quite a lure, what with easier financing and less harsh material restrictions in that bracket.

Building today's houses for tomorrow's buyers at yesterday's prices taxes the ingenuity of even the most astute builders. But if the job is done right, the future will pay dividends.

We were reminded of this particularly when we visited two new housing projects on the East Coast last week. Both were built for the low income group. But there is a vast difference. Inspecting one, a monotonous-looking project of row-on-row houses, differing only in color, you feel that in a few years this will be blight. Inside, the rooms are cubbyholes. It doesn't take a very experienced eye to see where labor and material costs were cut. There is no doubt about it. You wouldn't want to live there. And judging from the sales, the only people who are buying are those who need housing . . . desperately.

In the other subdivision, the houses cost a few hundred dollars more. The downpayment is slightly higher and that, no doubt, is screening out some prospects. But you can't help feeling that those who are buying are satisfied they are getting a good home in a nice neighborhood. The houses are built on curvilinear streets, varying in setback and color, each with a different exterior treatment, or arranged in such a manner that it seems so. These houses aren't big, but they are expertly planned. Each utilizes space to the utmost. Materials and workmanship are top quality.

There is more than a few hundred dollars difference in these homes. There is a vast difference in what they will mean to the families who live there, the communities in which they are located, the builder himself, and the industry as a whole.

One project was planned and built by a builder with ingenuity, foresight, a personal interest in providing good homes at the lowest possible cost. The other was built with no other thought than to get the houses up and sold as fast as possible.

There is a big demand for economy homes now. And real estate or operative builders with the know-how should try to provide these homes. But let's not submit to the temptation of building cheap homes, getting down into the low price range by sacrificing quality. We can't afford that . . . now, or in the future.

Every builder watches costs like a hawk. He has to do that to be competitive. But cheapness is something else again. Planning an attractive project costs little more than planning an unattractive one. And making each house dramatic and individualistic in itself amounts to little more in dollars and cents. Quality is what counts, whatever price homes we are building.

Let's not lose what we have gained. We have come a long way in building homes for sale which are credits to our communities. To maintain that reputation we must tax our ingenuity more than ever before, building homes not only that people can afford, but that they want... homes we will be proud to say we built 15 years from now.

Ingenuity doesn't cost anything. And it pays dividends.

- B. F.

Publisher
Herbert S. Stamats
Editorial Director
Ralph H. Clements
Editor and Business Manager

BOB FAWCETT

Managing Editor

RICHARD W. ROYER

Associate Editor

WILLIAM O. TURNER

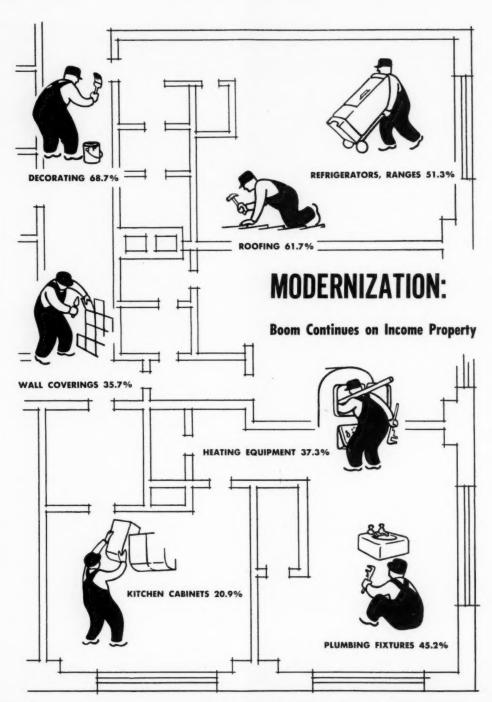
Editorial Assistant: Dorothy Quinn Research Assistant: Elsie Patterson Tax Editor: Bert V. Tornborgh Legal Editor: George F. Anderson Art and Layout: Donna Nicholas, director, George Bacon and Vivian Ives, assistants

George Bacon and Vivian Ives, assistants

Circulation Manager: E. J. Dvorak

Production: George E. Hogan, director;

Roger C. Hawley, assistant



18

MORE than \$60 million will be spent during the coming year by JOURNAL readers to sustain the big modernization movement on income-producing properties.

In a comprehensive cross-country survey taken among readers last month, property managers report their modernization plans for 1952 are nearly as extensive as for this year and last, the biggest remodeling years in the past two decades.

Although rent control is still harnessing an all-out modernization boom, most managers say reconditioning of rental properties has become an economic necessity, regardless of restrictions and ceilings.

In the rent controlled areas re-

units to satisfy increased demands for housing in these areas.

Managers are laying more stress on frequent physical inspections of their properties and careful selection of quality materials to ward off high replacement costs. To the question, "How often is a complete physical check-up given your properties?", 35.9% said annually; 28.1%, semi-annually; 14% quarterly; 3.9%, monthly, and 17.9% at other intervals.

Quality and durability are the major considerations in selecting the materials and equipment for modernization. Managers say they themselves make the selections in 90.6% of the cases. Several of those surveyed said price of materials is not necessarily a major factor because some of the most exfector because some of the most ex-

planned for installation of temperature controls and air conditioning systems.

Asked specifically what items that would include in their 1952 modernization programs, 68.79 named decorating, 61.7% checked roofing. Other items and their frequency of mention: Plumbing fixtures, 45.2%; building exterior, 44.3%; heating equipment, 37.3%; water heaters, 37.3%; window shades, 37.3%; floors, 36.5%; lighting fixtures, 35.7%; wall coverings, 35.7%; wiring, 26.1%; refrigerators, 26.1%; ranges, 25.2%; venetian blinds, 25.2%; kitchen cabinets, 20.9%; store fronts, 20.9%; countertops, 19.1%; doors, 19.1%; temperature control, 13.9%; piping, 13.9%; pumps, 9.6%; air conditioning, 8.7% flush valves, 7.8%; laundry tubs, 6.9%; elevators, 5.2%; washing machines, 4.3%; sound control, 2.6%

More residential units are being furnished with major kitchen and laundry appliances than in previous years. Managers say refrigerators are installed in 51.6% of their residential units, ranges in 57.5%, automatic washing machines in 41.2%, and automatic clothes dryers in 9.8%. Of those furnishing laundry appliances, 44.8% include the use of these appliances in the rental and 37% use coin-operated machines.

In line with continued high expenditures for modernization is the amount of money to be spent by managers on maintenance items. Survey results show that managers are budgeting more money for cleaning, believing such maintenance will not only improve appearance of exterior and interior but also cut down on high replacement costs. To the question, "How much will you spend during the next 12 months for cleaning supplies?", answers averaged \$539.16.

Throughout the country, in small and large cities alike, modernization of income-producing properties continues at a rapid pace. Property managers, realizing the danger in competition from new construction and the investment gamble in ignoring depreciation, are formulating extensive plans for 1952. To discover significant trends in this modernization movement, the Journal conducted a comprehensive survey among its readers last month. Here is what they are planning, how much they will spend, what they will buy

maining, plans are surprisingly extensive, although not as complete as in decontrolled areas. Managers say more owners are realizing that depreciation cannot be left unchecked if they expect to get the maximum long-range return from their investment. Plans in these areas center primarily around maintenance and minor replacements of physical facilities, rather than the major alterations evident in decontrolled areas.

In both controlled and decontrolled cities, except in booming defense areas, managers are feeling the pinch of slackening demand and tenant selectivity due to new construction. Credit restrictions on new homes helped to hold up the rental occupancy rate during the past year. But recent slashes in downpayment requirements on new homes costing less than \$12,000 (the market for a majority of tenants) is expected to decrease rental property occupancy in coming months.

Principal objective of managers in defense areas is to provide more rental accommodations from existing facilities. Large apartments and big, difficult-to-sell homes are being converted into more rental pensive equipment will prove most economical in the long run.

Amount of money to be spent per manager-reader for modernization and maintenance during the next year varies considerably. Some managers estimate their expenditures as high as \$200,000. Others decline to estimate because of fluctuating labor and material costs. Over-all average to be spent is \$9,201,98. Only a few say they are deferring their plans because of shortages of labor and materials.

Decorating leads the list of ways managers will modernize during the coming year, closely followed by roofing. A significant trend is that more attention is being given the modernization of kitchens and bathrooms in residential properties, managers feeling that these rooms are focal points in renting. High on the modernization list are new plumbing fixtures, refrigerators, ranges, kitchen cabinets, floor coverings.

Another major trend indicated is that more emphasis is being placed on tenant comfort, a large portion of the modernization dollars being slated for replacement of heating equipment and water heaters, and an increased amount

#### Number and Types of Properties Managed by Journal Readers

442.101 apartments 297.970 homes 139.555 stores 5,395 office buildings 2,080 hotels 10,335 loft and industrial

897,345

Journal readers maintain 15,388 buildings with elevators THE real estate broker's right to his commission, or his right to recover damages from the owner in lieu of commission, is often conditioned on the type of agreement between the broker and the owner. Whether or not there is an exclusive listing, or an exclusive right to sell; whether or not the agreement between broker and owner is oral or in writing; the exact stipulation between the parties as to when the broker shall be entitled to his compensation . . . all have an effect upon the broker's right to commission.

Generally, in order for a real estate broker to recover his commission, there must be some preexisting agreement between he and the property owner. The broker who knows that certain property is being offered for sale is not entitled to a commission if, without first consulting the owner, he procures a buyer who eventually purchases from the owner. In such a situation the broker is treated as a mere volunteer, and the fact that the owner takes advantage of, and profits by, his services does not entitle him to a commission. This is generally true, even though after the sale the owner promises to pay the broker.

Likewise, when a broker has failed to find a buyer during the period in which the property is listed with him, the owner is not obligated to pay a commission, if. after the expiration of his listing, the broker finds a purchaser, un-less there is a specific provision to that effect in the listing agreement. In the absence of a new agreement. or offer, between the owner and the broker, the broker is again in the position of a volunteer. Nor is a broker who has an option to purchase allowed any commission if he sells the land to a third person. In such a case, the broker's rights are those of an optionee, and not of an agent.

Under certain circumstances, however, a promise to pay commissions will be implied. For example, where a broker had frequently made sales for an owner in the past, without contacting the owner prior to beginning negotiations, and the owner had always paid a commission, a promise to pay is implied and the owner cannot suddenly refuse compensation.

The necessity for a written agreement between owner and broker is not uniform throughout the United States. In the absence of a specific statute requiring such an agreement to be in writing, an oral understanding is sufficient. Some states do have laws, however, which provide that contracts for the employment of real estate brokers must be reduced to writing or they are invalid.

Much the same situation exists with regard to whether or not the broker is licensed. Although most states have laws requiring brokers to obtain licenses, the majority of jurisdiction holds that failure to be licensed is not an impediment to recovery of commissions. Some states, in order to force compliance, however, have refused compensation to unlicensed brokers.

Most owner-broker deals are not actually contracts at all. The owner merely makes an offer to the broker to allow the broker to sell the property. The offer may consist of an "exclusive listing" where the owner promises that no other broker will be allowed to make the sale, or it may be an "open listing" where the broker is one of many trying to find a buyer. The owner may stipulate that the broker shall have a certain time to find a buyer, or there may be no understanding as to the duration of the listing.

In the latter case the courts hold that the "offer" is effective for a "reasonable time" (which is the lawyer's way of saying, "Nobody knows how long"). In any event, unless the broker delivers some payment or other consideration other than the usual express or implied promise to use due diligence in effecting a sale), the owner's promise amounts to an offer only, and in accordance with general rules of contract law may be revoked by the owner at any time prior to the broker's acceptance through performance without subjecting the owner to liability for damages

This last statement is subject to certain qualifications which are discussed more fully below. In the few cases where the broker actually pays a bonus to the owner for the privilege of negotiating a sale, or makes express promises to make certain special arrangements, there is a binding contract of employment for the time stipulated, and if the owner attempts to back out before the expiration of this time he makes himself liable to a suit for breach of contract. Furthermore, if the broker finds a buyer within the agreed employment period, even though he has been fired by the owner, the broker stands a good chance of collecting his commissions. This latter arrangement is so unusual, however, that this article will be confined to the more prevalent situation in which the broker is merely an "offeree" until he completes performance, and thus effects an accept-

#### Ten Commandments of Good Listings

- 1. Get your listings in writing. It prevents future unpleasantries as to terms, and in some states may be absolutely necessary to insure recovery of commissions.
- An exclusive listing usually saves legal headaches for the agent as well as the seller and the buyer.
- If you are acting as agent for both the buyer and the owner, be sure that both parties are informed of, and agree to, this arrangement.
- 4. Keep your owner informed of all prospects. This may protect you if the prospect later closes the deal with the owner without your knowledge and assistance.
- If you make a sale to a relative or business associate, make certain that your owner fully understands that this is the case.
- Make your listing in detail.
   Include price, terms, items going with the property, such as carpeting, draperies, as well as date of possession, existing tenancies.
- 7. Have each and every owner sign the listing agreement.
- Get your agreement to purchase signed by the parties and then follow through until the transaction is completed.
- Be sure you "play fair" with the sellers if you take net listings because they are subject to the closest scrutiny of the courts.
- A poor listing is like a poor lawsuit . . . it is better to never get into it.

Mr. Gorsuch, attorney and partner in the law firm of Gorsuch and Kirgis, Denver, Colorado, has had considerable experience in real estate contracts and has given numerous lectures on the subject.

The general rule is that a broker becomes entitled to his commission when he finds a buyer who is ready, willing, and able to purchase the property at the terms and on the conditions stipulated by the owner when he lists the property. It is difficult to ascertain from the numerous decided cases when a buyer actually is "able' to perform. Generally, the proposed purchaser must have legal capacity to purchase, and sufficient finances to make the downpayment and to complete any contract of purchase into which he enters. The purchaser is not considered "able to pay" if he must rely en-tirely upon third persons for his funds, when the third persons are under no obligation to him.

If the broker does procure a purchaser who is ready, willing, and able to purchase the property, the owner will not be allowed to escape payment of commissions by arbitrarily refusing to deal with the purchaser. Nor can the owner deprive the broker of his commission by revoking the broker's agency after the broker has contacted such a buyer, and has obtained, or nearly obtained, the purchaser's consent to buy. As long as the broker is the effective cause of the ultimate sale, the owner is bound to pay him his commission.

Suppose the owner, when he lists the property, stipulates that he will not sell for less than \$30,-000, with a downpayment of \$10,-000. The broker, in order to earn his commission, must find a buyer who will agree to these exact terms, unless the owner consents to other terms. In fact, it has even been held that the broker is not entitled to his commission if he procures an offer more favorable to the owner, which the owner refuses.

If the owner fails to specify the terms which he will accept when he lists the property, the broker's position is more uncertain. The owner has the right to accept or refuse any offer — even though his refusal be arbitrary — and the broker has no recourse. Of course, the owner cannot refuse to deal with the buyer and then, after the broker has abandoned his agency or has been discharged, close the deal with the buyer in order to escape payment of commissions.

Where the listing is for a specified time and the broker has negotiated with a buyer, but the buyer has not yet definitely acquiesced, the courts are divided as to whether the owner can later complete



If the owner fails to specify the terms which he will accept when he lists the property, the owner has the right to accept or refuse any offer even though his refusal be arbitrary— and the broker has no recourse.

the sale and escape payment of commissions. Some of the cases hold that there is no commission due, regardless of the fact that the broker's services have been of value to the owner. Other courts have allowed the broker to recover his commissions if he has been the "procuring cause" of the sale and there has been no interruption in the negotiations.

Ordinarily, the broker's arrangement with the owner is that the broker shall effect a sale. Under this type of deal, as discussed above, the broker has completed his duties when he finds a ready, willing, and able purchaser. That is, the broker is the procuring cause of the sale. The broker can recover his commission if he finds such a buyer, even though the buyer later refuses to consummate the contract into which he and the owner enter.

On the other hand, if the broker is to obtain a written contract from the buyer, no commissions can be collected until an enforceable written contract is furnished. In such a case the written contract must be enforceable by the owner in his own name, and not one that has

been entered into by the realtor in his name alone.

In this latter case the broker can still recover his commissions, however, if he procures an oral agreement only, and the buyer is willing to perform but the owner uses the statute of frauds as an out. Furthermore, even when the broker is to obtain a written contract before he earns his commissions, the owner is obligated to pay when the contract is signed, and the fact that the contract for purchase is never consummated does not relieve him of this duty.

One case that has been before the courts several times involves the situation where the broker locates a buyer, negotiates with him, but, before the buyer has agreed to purchase, despairs of making a sale and withdraws from the deal. In such circumstances it is held that the broker is not entitled to any commission, regardless of the fact that the buyer later completes the purchase. The broker has abandoned the negotiations and cannot be considered the procuring cause of the sale.

(Please turn to page 39)



Aerial photo shows layout of the 150-acre Styertowne development. Residential areas are shown center foreground, shopping center lower foreground. Industrial area, partially shown, begins at bottom of photo, and is expected to provide 5,000 jobs.

## BLUEPRINT for Building a City

Housing projects that include shopping centers are not uncommon. But not so common — yet the dream of many builders — is to plan, design, and develop a project that provides housing and commercial facilities plus industrial plants. Here's an account of the pattern followed by Albert A. Stier in his 150-acre Styertowne project in Clifton, New Jersey. It shows how to complete the square of integrated living, playing, shopping, and working

CREATING a "self-sustaining" community with an ideal balance between residential, commercial, and industrial facilities is a goal of many builders and one which calls for a maximum in planning, foresight, and building know-how.

Land planning of such a project must not only meet immediate social and economic needs but must also take into account expected needs of the development 10, 15, 20 years in the future. Once a location is chosen, painstaking work will no doubt be necessary to effect changes in existing building codes and zoning laws. Residents must be convinced that encouraging industry to locate in the area is a sure way to bring in added income and employment, help lower taxes, create a practical economic balance.

And after these obstacles have been overcome, strict adherence to pre-determined building requirements and restrictions is necessary to assure that the desired balance between living, recreational, shopping, and industrial areas is not violated.

A community that is being developed following such a pattern is Builder Albert A. Stier's 150-acre multi-million dollar Styertowne project in Clifton. New Jersey, only 20 minutes from mid-town Manhattan.

When all construction is completed, Styertowne will consist of two 100-home projects of custom-built houses selling at an average price of \$20,000. one called Robin Hood Village, the other Sherwood Forest; a 344-unit 11-acre garden apartment project; a

\$5 million 14-acre shopping center; a 60-acre indus-

The 411/2-acre Sherwood Forest development is being built on a site that formerly was a nursery tract and that is thickly planted with ornamental trees such as cedar, hemlock, birch, white pine, linden,

and species imported from Africa.

In planning the residential areas of Styertowne, the builder provided for both individual houses and garden apartments because he firmly believes that in any residential community consideration must be given to the housing desires of those who prefer apartment living. Young married couples, older couples whose children have moved away from home. and people who prefer that the responsibilities of maintenance and repair be left to management are good prospects for new housing developments but oftentimes they do not want to undertake purchase of a home.

Sufficient area for lawns and play areas was set aside in the two- and three-story, colonial style Styertowne garden apartments so that residents could have the same benefits of community living that they would enjoy in a residential block of one-family homes. More than \$50,000 was spent for landscaping

the apartment site.

At completion, the triangular-shaped \$5 million shopping center will have five separate buildings grouped around a 10-acre parking area. The parking area will accommodate 1,400 cars and provide 12 square feet of automobile space to every square foot of store space. This parking-floor space ratio is approximately three times the national average.

The center will have ramp entrances and exits to an adjacent express highway and easy access to other local traffic arteries. A detailed study by an insurance company shows that the shopping center has a poten-

tial trade area of one million customers.

The "Allwood" building, first to be completed in the center, contains a bank, supermarket, post office, cleaning establishment, and gift shop. A second building, a \$650,000 two-story and basement department store, has 50,000 square feet of floor space. Its front entrance will be at sidewalk level, the rear entrance on a level with the parking lot, and a third entrance level is planned for the second floor with direct access to roof parking which is to be constructed on adjoining buildings.

A third 100x340-square foot building, to be built at a cost of \$800,000, will have a variety store, now under lease, other retail stores, and second floor of-

fices for the Stier enterprises.

At a later date, a two-story 150x200-square foot building will be erected to contain recreational and

additional retail businesses.

Stier's original idea for Styertowne called for one more essential . . . jobs. He believes that a man is entitled to have work near his home and to have time to enjoy his home rather than spend many hours commuting long distances to work.

With the current trend of industry to decentralization and with highway and railroad facilities nearby. Stier believed that his 60-acre industrial tract would soon draw attention from manufacturers. He has set two major conditions for any proposed plant in Styertowne. One, buildings must be designed in a modern, streamlined pattern, and, two, they cannot create any nuisance in odor, smoke or noise.

Styertowne's industrial center is expected to produce jobs for more than 5,000 people when all construction is completed. Already many diversified con-



The \$5 million shopping center will have a complete array of retail businesses and will have the main offices of Stier enterprises.

cerns are in operation including manufacturers of television equipment, machine and tool products, printing materials, and cosmetics.

Stier sees two chief necessities in planning large scale communities that will provide employment in addition to the usual living, educational, recreational, and shopping facilities. First is that zoning laws must be revised so that more industries, properly located and well housed, can be brought into a community and, second, a selling job must be done to show industry the desirability of a particular region.

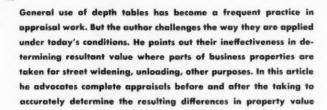
He says that such a community is of great importance to builders because it creates a strong market for years to come. It is important to home owners because it lessens the financial burden of owning property, expanding industry pays an increasing proportion of real estate taxes. It also means earning a living nearby . . . converting commuting hours into home hours.



Individual homes in Styertowne are custom-built, sell from \$18,000 and up. Sherwood Estates was formerly a nursery tract and many ornamental trees have been preserved in landscaping.

## DEPTH TABLES...

## **Hazardous for Today's Appraisals?**



By FRANK A. DE BOOS\*

R ULES must be changed to keep abreast of the times. In appraising, depth rules and tables cannot be applied in many cases today where they have been effective several years ago. This is especially true in determining the difference in value when parts of business lots or buildings are taken for widening streets or similar purposes.

In some appraisal cases I have had, parts of buildings were taken in condemnation where the remainder of the land (and building after new front and repairs were made) was ill-suited for the tenant. The "taking" destroyed the "highest and best use of the

property."

A case in point was that of a store leased to the Woolworth Company. The land, approximately 60 x 110 feet, was completely covered by a one story-and-basement building. The front half of the land and the building were taken. Appraisers for the city contended that since the store after repairs would front on the widened street, the depth rules would apply. This meant the damage would consist actually in the taking of the rear half of the land, and the damage to the land would be only about 30%, plus cost of installing a new front.

The resultant effect after widening was to leave a much greater percentage of show window space to the former total area, a much reduced sales area, and a very poor store layout.

The gist of my argument is that in the appraisal of either vacant or improved business property, depth tables cannot be used. The appraisal problem consists of two separate appraisals, the first being the fair cash market value before, and the second being a similar appraisal after, the difference being the damage or loss to the owner.

Another example was where the owner had a corner on an ordinary business street, mostly vacant land but developing fairly rapidly. The owner had an offer for the land, which had a 65-foot front and was

110 feet deep, for use as a bowling alley. A strip of 27 feet was to be taken along the front, leaving the lot  $65 \times 83$ . The prospective purchaser could not use the land for his purpose and, when he learned of the pending condemnation, he dropped the deal. Depth table application showed only slight damage. The taking of the rear 27 feet destroyed a higher and better use of the property.

Most brokers and experienced appraisers of business property know that a larger and deeper piece of property can be utilized many more ways than can a smaller, shallower piece. Therefore, in many cases, the highest and best use of a parcel may be destroyed by the taking of a part.

For super markets, auto agencies, churches, gasoline stations, department stores, "hot spot" business development, and so forth, the size and depth of a parcel constitute the main requirement. Some business streets widened in Detroit and leaving shallow lot frontages have shown little or no development in the past 25 to 30 years. As prospective business arteries their value has been largely destroyed.

Men who advocate the depth rule, in my opinion overlook this important fact. They assume that the use and value of the land within the parcel varies greatly, the front portion being worth considerably more than the rear. The old 4-3-2-1 depth rule as applied to a lot 100 feet deep assumes that the front 25 feet is worth 40% of the entirety; the second 25 feet of depth, 30%; the next 25 only 20%, and the rear 25 but 10%. Most depth rules give a similar approximation of value and may be applied so that the value of any desired depth can be calculated.

These applications may be all right for tax assessment purposes where, in general, detailed studies cannot be made for each particular parcel and only approximate values are desired. It also affords the assessor an argument that he is assessing variable depth lots on the same basis. Such method overlooks entirely the restricted use that can be made of the shallower and remaining parcel.

It is my contention that, in general, the damage should be figured on a square footage basis, every square foot of the parcel being worth as much as any

<sup>\*</sup>Mr. DeBoos, realtor of Detroit, Michigan, has had 32 years of appraisal and property management experience. In addition to appraising, managing, selling, and leasing all types of properties, he has served on the appraisal committee and as vice-president and director of the Detroit Real Estate Board.

other square foot in same. Further, that severance damage may also ensue and should be given consideration, depending on the amount of land taken and the resultant depth left for development.

There is no depth rule that can be applied to determine the resultant damage or loss, in my opinion. Each parcel requires special investigation.

There may be a few specific exceptions, however, where a shallow lot could be worth considerably more per square foot than one of greater depth. This might occur in a district of high frontage values, such as is the case of 100% business and retail shopping areas

in any of our larger cities.

Small stores that get their patronage from foot traffic and customers of customers of large adjoining stores can and will pay more rental per square foot than a larger store. They cannot exist, however, unless the larger stores are there. This differential declines as the land value per front foot or square foot diminishes until you reach a point where it is difficult to lease a store of 25-foot depth, for example, except for a very low rental.

The off-street parking and truck-loading zoning ordinances play their part, particularly here in Detroit, in making lots of greater depth much more desirable. Then, too, tenants can provide ample parking

space on deeper lots for customers.

Some time ago I made a lease to a national ladies' wear chain for a store to be built in one of our out-lying "hot spots" that was under development. The corner was 30 x 100 feet. The city demanded a 20foot strip at the rear to take care of truck-loading for the store, in accordance with a new zoning law. The tenant then would not go through with the transaction as they required the entire lot for their store. Fortunately, since the Montgomery Ward Company had the entire block for auto parking back of the alley on which the street fronted, we got the city to permit us to build on the entire lot. Depth rule application of lot value would show this rear 20 feet to be worth only about 8% of the entirety.

Another example, occurring a number of years ago, involved the sale of an alley corner, one-half block west of Woodward Avenue in our downtown business district, on a cross street of some prominence. My client wanted and needed the entire lot for development. The city again endeavored to insist on a truck-loading zone on land at the rear of the proposed building. Such setting aside of a portion of the land would have been serious. Fortunately, here again, after some difficulty, we were able to build

on the entire lot.

An article I wrote in 1949 for the Appraisal Journal on the application of depth rule tables to vacant business property was the first public challenge, I believe, contesting the theory of depth rule application in the evaluation of business property. Since that time I have had many favorable reactions from prominent appraisers and business brokers. On the other hand, two college instructors in real estate appraising have told me they use this article when they come to the subject of depth rules.

Prior to publication of that article, most appraisal text books leaned rather heavily on depth rule application in evaluations. This probably stemmed from application by assessors for so many years. But it was not sufficiently reviewed in the light of recent . need for larger stores, increased development. traffic, demand for more parking space. Any appraisal technique or system must be brought up to date

with such development.

## **Handling Retail Property Leases**

By SIDNEY D. COHEN **Bultimore**, Maryland

THERE is no hard and fast rule of procedure that a broker can apply to all negotiations for leasing retail business properties. Each separate transaction will probably have circumstances peculiar to it and the best technique to use will depend on several important factors.

For instance, if negotiations are to be held with a trust company, insurance company, or other large institution controlling property the methods used would generally be different than if negotiations are

to be held with an individual owner.

It is true in most cases that institutions controlling many commercial properties have established uni-form policies for dealing with prospective tenants. Many will not agree to long term leases unless they are protected by percentage lease clauses. Others will have set ideas concerning what improvements can be made to a property.

An individual owner, on the other hand, is more flexible in his thinking about matters of this kind and can be influenced by the broker regarding changes in a property and other requirements of a prospec-

tive tenant.

One of the most important obligations of a broker is to represent his client, whether owner or prospective tenant, to the best of his ability. A broker should not try to "sell" ideas that are not in keeping with a fair presentation of the property involved and he should be able to produce evidence to justify any representations he may make.

Most chain store organizations and top executives of other businesses are familiar with rental values throughout the country and they will have information to help determine an equitable rental for properties they are interested in. It would be foolish for a broker to attempt to influence either of these types of prospects as to location or rental value of a spe-

cific property.

This means that a broker must assume the role of a so-called "expert." His appraisal of a property must be thorough and completely detailed. A broker must have a well-grounded familiarity with trade areas, specific locations, and past rental histories and experiences so his services will be absolutely necessary in negotiating the best deal for a client.

Some of the factors that must be considered in determining rental values include desirability of location, amount of area available (taking into consideration requirements of tenant's operations), relation of neighboring tenants to value of location, flow of pedestrian traffic, accessibility of location, and calibre of merchandising in a particular business block in question.

In other words, it would not be good business for a broker to try to place a women's apparel chain featuring popular-priced merchandise in a "Fifth Avenue" location. Likewise it would not be sensible to place an exclusive operation in a mass traffic spot, one where the shopping traffic is looking for low-priced

#### **CLOSING INDUSTRIAL TRANSACTIONS**

Closing a "normal" industrial transaction shouldn't be difficult if the entire sales program has been planned and followed carefully. But not all transactions are normal. There can be misunderstandings, legal tangles, other last minute hurdles. The author, a leading industrial realtor, suggests how to meet unforeseen closing traps

By LAURENCE H. LANG\*

I S there some secret formula for closing an industrial real estate transaction? Those who have undertaken to answer this question over the years have, almost without exception, properly pointed out at the very outset that the successful closing of a normal deal cannot be viewed as a separate or distinct phase of the transaction. Rather, it is the final step toward which all planning has meticulously been directed.

If the selling program has been effectively designed, obtaining the all-important signature presents no serious difficulties. If such does not prove the case, the trouble should usually be sought in some earlier phase of the negotiations, each step of which should be carefully analyzed.

This statement applies to a normal deal and assumes, as one writer has put it, "that the buyer has been led to an inevitable conclusion through logical development and cumulative reasoning." The problem of wrapping up the package is not, however, always that simple. Unforeseen emergencies often complicate what has seemed a conventional transaction. In an effort to guard against such unexpected contingencies, most of us have developed individual practices which have stood the test of time and often saved the day.

Having brought about a meeting of the minds, I like to draw my own offers and contracts, or at least to dictate an outline of their basic terms, not for ultimate use but as a suggestion to the attorneys, who can later translate them into proper legal language. In this manner I can make reasonably sure that the conditions, especially those arrived at as a result of compromise, will be properly set forth. I am sure we have all suffered from the efforts of a well-intentioned attorney to remake our deal without regard for the understandings which have been brought about between the parties by us. The submission of an outline already approved as to substance by his client may save you the necessity of reorganizing the entire transaction.

Every effort should be tactfully made to keep the final legal instruments as simple as possible, both as to language and form. No possible advantage lies in the use of one of those finely printed volumes which attempt to anticipate every imaginable contingency in complicated legal terminology incomprehensible to the average layman. The same contract expressed in equally effective simple everyday language can be interpreted and sold by you far more convincingly, should you be called upon to do so.

The interpretation of an involved contract may prove difficult. The attempt to explain one which is manifestly unfair to either party may well prove fatal. Such confidence as may have been inspired during the earlier stages of the deal can be seriously shaken, if not destroyed, by the presentation of final papers which fail to evidence that complete equity which you have led both buyer and seller to expect. A salesman must demonstrate undeniable fairness and sound judgment to the very end, if he expects to close his deal successfully

Although I may have secured

their verbal approval, I still strive to make my services available to both buyer and seller, and their respective attorneys. With this in mind I try to be present whenever they confer. The fine balance of a verbal agreement is one readily upset by unforeseen circumstances and far more easily readjusted at the time when differences arise than at any other moment. You can then decide where the reasonableness of the question lies.

Arbitrary demands on the part of either party create difficulties which can only be successfully met by approaching the problem in a sincere spirit of helpfulness. Such an attitude seldom fails to gain recognition and usually avoids arousing the ill will of anyone involved in the transaction.

Other problems are bound to arise from time to time - probably because few of us are infallible or immune to occasional slip-ups somewhere along the line. We may overlook a vital requisite of a buyer - innocently misstate an important characteristic of a property, or in some other way create last minute hurdles which must be cleared before we can reach the finish line. The development of that ingenuity which successfully meets such an unexpected emergency usually comes only with broad experience. Its effectiveness is dependent upon the degree to which its possessor remains con-stantly on the alert.

Admitting that the "normal" deal tends to close of its own momentum provided the preliminary negotiations have been properly planned, I hope I have made it clear that I have personally experienced few such welcome transactions and prefer to approach my closings with less complacency.

Mr. Lang, treasurer of Cragin, Lang & Co., Cleveland realtors, has served as president of the Society of Industrial Realtors and Cleveland Real Estate Board. His firm specializes in management, appraisals, brokerage, finance.





The outside living area, radiant heated and illuminated, and the redwood battan, fieldstone trim, and glass areas of the informal exterior make year-round use of area inviting, enjoyable.

U-shaped in design, the two wings of the "Home of Tomorrow" flank a landscaped central patio containing gardens and a barbecue. All rooms except kitchen have access to the court-patio.

#### TOMORROW'S LIVING TODAY

Today's economic conditions, materials restrictions, and high costs have almost throttled any luxury home building. But if the green light does come again for this type construction, builders can profit from the innovations in design and construction used in Fritz B. Burns' model "Home of Tomorrow" in Los Angeles

GOVERNMENT restrictions have practically eliminated so-called luxury home building. But thousands of builders and prospective buyers have visited Builder Fritz B. Burns' model "Home of Tomorrow" in Los Angeles, to observe its many advanced ideas and materials for use in planning and building more functional homes in the future.

The U-shaped display home has 2,400 square feet of floor space with the wings of the home flanked by a large landscaped court containing a patio and barbecue. One wing containing the two bedrooms

has direct access to a private gar-

Redwood battan, flagstone, and sliding Thermopane glass walls are used for the home's informal exterior. With emphasis throughout on indoor-outdoor living, the exterior surface is sometimes continued on the inside of the home to accent the interrelation of the two areas.

All outdoor living areas are illuminated and radiant heated to make them adaptable to yearround use. Windows are side-sliding steel sash and all rooms except the kitchen open directly to the outside. The central patio's barbecue-kitchen is equipped with a built-in Western Holly automatic gas cooking top, built-in Servel gas refrigerator, a double-sink built into the flagstone counter, and an outdoor fireplace.

Both incandescent and fluroescent lighting are used in the Touch-Plate low-voltage lighting system. A Chrysler Airtemp heating and ventilating system, with Minneapolis-Honeywell controls, has been installed and the home has a "precipitron," which filters the air and banishes dust, and a complete inter-communication system.

The kitchen is planned around a central island containing a sink and a dishwasher. The counter top is made of Formica and is used both as a working surface and breakfast bar. Built into one wall is a Western Holly gas range with an oven and broiler built into cabinets at one end of the kitchen counter.

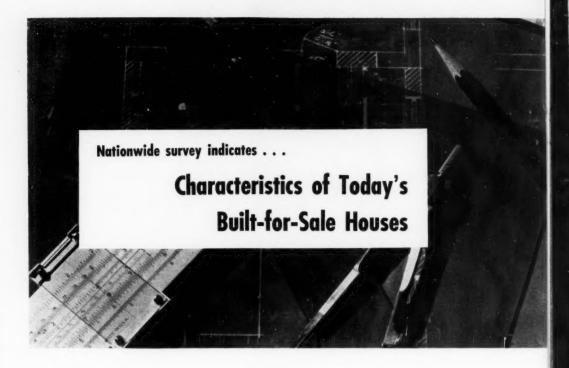
Entrance from the outside to the living-dining area is through a small entry hall whose walls are made of open, vertical dividers of brass wire. The living room has a stone fireplace and an entire wall of glass on the patio side. Flanking the fireplace is built-in radio, phonograph, and television equipment. Concealed behind paneling on one wall is a 30-inch directview television screen.

Bathroom plans were drawn by Designer Henry Dreyfuss of New York, and bathroom equipment and fixtures were manufactured by the Crane Company. Countertop lavatories, recessed tubs and showers, built-in shelving, clothes hampers, and individual wall radios are included in the two baths.

Designed by Welton Becket and Associates of Los Angeles, the Home of Tomorrow is serving the dual purpose of a display home to raise money for two California charities and to exhibit the latest ideas in California home living. Four hundred civic, religious, social, business, and film industry leaders took part in the formal opening of the demonstration home.

Included in the kitchen are a walk-in pantry and corner cupboards with built-in "lazy susans." Part of the kitchen work area is a complete home laundry equipped with a Bendix automatic washer, gas clothes dryer, and automatic rotary iron.

Just off the kitchen and separated from the patio by a wall of glass is a 15-square foot all-purpose "family room." This is used for recreation, informal dining.



WHAT architectural changes are builders making in their built-for-sale homes? What features or materials and equipment are home buyers demanding more today? What new construction techniques are being used? What is the average size for kitchens and bathrooms and what equipment and appliances are builders including? What is the preferred type of heating system? Type of fuel? Is radiant or panel heating gaining in popularity? What is the demand for some kind of air conditioning system in today's new homes?

Answers to these and other important construction questions were obtained by Journal editors in a comprehensive nationwide survey, made recently among 2,000 builder-readers. In a previous installment, it was pointed out that the sales prices of houses under discussion varies from an average low of \$11,285 to an average high of \$20,555; the most saleable architectural style is modernized traditional; an average of 6.1 basic plans are being used; the most popular home has 5.34 rooms, 2.66 bedrooms.

Architectural changes, new construction techniques, and types of materials and equipment being used in today's built-for-sale homes are discussed in this second installment of a nationwide survey conducted among Journal readers The architectural changes mentioned are in line with what would be expected in the design trend to modernized traditional and in some areas to a swing in favor of strictly modern.

Specific mentions by builder-readers include decrease in roof pitch, beamed ceilings, increased length of roof overhangs, more open planning, breezeways, patios, fenced-in areas, attached garages.

House designs show an increased trend toward placing the living area to the rear of the home and more use of glass partitions both in bathrooms and as room dividers in other parts of the house. Sliding and folding doors and partitions are gaining favor due both to preference and because of the costsaving factor.

The most frequent answers to the question "What features or materials and equipment do you feel home buyers are demanding more today?" were more appliances (garbage disposal units and automatic dishwashers in addition to the commonly requested refrigerators and ranges), complete kitchen cabinets, vanity baths and colored plumbing fixtures, large window areas, more closet and storage space, first floor utility room.

Notable in the survey were repeated mentions by builders that they find buyers are more and more desiring complete thermostatic controlled heating and that they want combination storm and screen windows.

As last month's installment indicated, many real

estate builders are altering their sales programs in view of today's "off-again, on-again" governmental financing restrictions and downpayment requirements for new homes. (The percentage of builders selling from one pilot model or from plans alone has

increased over the past two years.)

The biggest obstacle to overcome in making sales is, of course, the high required downpayment on new homes. The most recent ruling from Washington eases this in new homes selling for \$12,000 or less (the market for the most new homes) and will help give a spurt to new home building. One remark made frequently by builders in discussing obstacles in selling was that buyers will not adjust their price thinking to today's conditions . . . they want a \$15,000 home for \$10,000 or they balk at buying because 'prices will be coming down soon.'

Construction techniques have not altered much in the past year or so. Wider use of pre-cut materials is apparent from the survey because of cost savings. Builder-respondents also indicated that buyers are more and more impressed with homes using two or

more variations of exterior facings.

According to Journal surveys, the most popularsized kitchen hasn't changed greatly over the past four years. Preferred dimensions in 1947 were 9.8x 12.2 feet; in 1949, 10.4x13.5 feet; this year's survey

shows 9.6x12.8 feet.

A noticeable change is shown in the choice for type of kitchen cabinets installed. Four years ago 68% of the builders responding to a survey were using wood cabinets and 32% using metal. Two years ago, wood was the choice of 63.6% of the builders and metal 36.4%. This year, however, approximately 50% of the builder-respondents are buying manufactured kitchen cabinets with a large majority specifving metal as their choice.

Of materials used to cover kitchen countertops, linoleum is high with 59.2% but a material called "Formica" (a brand of laminated plastic) won a much larger vote, 26.4%, than in previous years. Other coverings such as wood, tile, and glass polled

a total vote of 28.3%

As to the type of floor covering preferred, builders checked "linoleum" in 85.3% of the cases, tile in 25.4%, and wood in 2.2%. Comparing results of three JOURNAL surveys it appears that builders believe less and less that kitchen walls should have a special finish. In 1947, 77.4% said such a finish was necessary; in 1949, 73.6% said yes; 1951's survey shows only 61.6% favoring special finishes.

An increased use of the packaged mortgage is re-flected in results of three JOURNAL surveys and the type of appliances included has varied noticeably. The number of builders equipping their homes with ranges and refrigerators has steadily increased in

the past four or five years.

The number of builders installing refrigerators jumped from 16% in 1947 to more than 20% this year. Percentage-wise, ranges have increased from 19% in 1947 to more than 42% this year. (This latter figure includes both gas and electric ranges).

A noteworthy fact brought out by this year's survey is that 45.7% of the builders are installing dishwashers and 47.9% are installing garbage disposal units. Few of the builders questioned in either 1947 or 1949 said they were installing dishwashers. Also in those two years, the number of builders installing garbage disposal units was considerably less than

Realizing the importance of stressing nationally

advertised brands and quality equipment in their selling programs, builders listed the most important considerations in selecting equipment in the following order: Durability 50.6%, brand name 41.5%, price 32.4%, availability 6.4%. Most builders checked more than one item but the top two items show the significance of using the best and most popular appliances.

The average size bathroom has decreased over the past four years, according to survey results. In 1947, builders said the most desirable dimensions were 6.6x8.8 feet; in 1949, 6.6x8.4 feet; this year, 4.6x8.2 feet. In replying to a question of how many bathrooms their best-selling houses have, 66.5% of the builders said one, 24.1% checked one and one-half, 14.3% noted two, 4.5% install two and one-half, and 2.9% replied three.

Colored plumbing fixtures have jumped substantially in popularity over previous years with 44.7% of the builders questioned using this sale-pulling item today. Choices for type of plumbing fixtures show cast iron high with 66%, china next with

39.3%, and steel next with 29.7%.

In order of preference the types of bathroom wall finishes are: paint 55.8%, ceramic tile 47%, composition tile 23.3%, metal tile 11.6%, wallpaper 9.3%, structural glass 6.3%

Linoleum and tile are still the favorites for bathroom floors. Linoleum was specified in 56.4% of the

cases, tile in 57%, wood in .5%.
Following their usual procedure in selecting all materials and equipment for their built-for-sale homes, builders rated the considerations in selecting plumbing fixtures in the following order: durability 52.6%, quality 42.1%, brand 39%, price 23.3%. When asked to list any special features installed

in bathrooms, builders listed vanities, chrome and recessed accessories, glass partitions, electric heaters, and medicine cabinets as the most important items.

In a question about laundries, 93.1% of the builders said they provide a laundry area with an average size of 7.4x10.8 feet. Of these 48.8% are located in the basement, 42.8% on the first floor, and 13.4% in the garage.

(Please turn to page 41)

#### **SURVEY HIGHLIGHTS**

Today's built-for-sale houses have smaller degree of roof pitch and longer roof overhangs, more beamed ceilings, open planning, breezeways, patios, attached garages, glass and folding partitions.

Builders are including more kitchen appliances and metal automatic dishwashers and garbage disposal units are high on buyers' list of most desired appliances and equipment.

Forced air heating system is top preference of builders with gas the favorite fuel. Buyer demand for home air conditioning and complete thermostatic-controlled heating is increasing.

Colored plumbing fixtures for bathrooms are more in demand than ever. There's a definite trend among builders to install more than one bathroom. Other bathroom extras offered buyers include vanities, glass partitions, chrome and recessed accessories, room heaters

Durability, quality, brand name are top considerations with builders in selecting materials and equipment for their new houses.

## **Avoiding Legal Problems in Title Closings**

By FRANK K. SAUER\* Elizabeth, New Jersey Real estate title closings can and should be cordial. Buyers, sellers, and brokers should all be satisfied with every phase of the transaction. Deadlocks in negotiations sometimes result, however, because of inadequate preparation of legal papers or ambiguous contract clauses. Our author gives a sound analysis of problems causing title closing difficulties and explains how to avoid these legal "snares"

MOST legal problems arising at real estate title closings can be anticipated and avoided if more thought and study is given to a transaction at the time of listing, during follow-up negotiations, and in preparing the offer to purchase or the contract.

When a study is made of the many types of offers to purchase and printed forms of contracts, it will readily be seen that there is no real uniformity among them. Many are unduly harsh to the buyer and some do not equitably limit the liability of the seller.

Here, for instance, is typical wording found in contracts. "The contract is made or the sale is made, and the conveyance will be made, subject to restrictions, if any, and subject to such facts as an accurate survey will disclose."

After analyzing these statements, is it any wonder that many people would absolutely refuse to sign such documents? Some questions that would naturally be asked are: What are the restrictions? Do they or don't they affect this property? Do they affect the plans which are being considered for future use of the building? Do they, if the property is vacant land, limit the use to which construction is to be made? If there are restrictions on record, have they been violated?

The same problems arise with surveys. If an inspection of the survey was made, a buyer may immediately come to the conclusion that he wouldn't take that property with those physical conditions, under any circumstances.

Clauses such as these are used at considerable length in both offers to purchase and contracts and they are unfair to the buyer. Some of the clauses can be deleted or can be tempered. I have seen offers to purchase where, referring to the restrictions, a clause is added that the seller, however, covenants that none of these restrictions have been violated or that none of the buildings on the premises do violate the existing restrictions or any restrictions of record.

For the most part difficulties regarding survey conditions can be avoided by having a survey made after obtaining a listing, making an analysis and physical inspection of the property, and a thorough check of the title.

\*Frank K. Sauer has been an attorney for 37 years and counsel for New Jersey's Eastern Union County Board of Realtors for 25 years. His article on legal problems was first presented at a sales clinic sponsored by the New Jersey Association of Real Estate Boards.

There are instances on record where deeds have been made to a grantee involving property and a buyer will bring the deed to an attorney or realtor and believe he can now rely on the metes and bounds description and therefore have nothing to worry about. In many cases, however, it will be found that the seller has already sold off a portion of the property. This is an important item to check at the time of licting

Another situation that causes much trouble is the failure on the part of the person drafting the legal paper to carefully and specifically state the tenancies and O.H.E. registrations. I have seen instances at title closings where a buyer would say to a realtor, "Why didn't you tell me that this property was not decontrolled?" or "Why didn't you tell me that the O.H.E. regulation or registration was so and so?"

Often, too, calculations of the aggregate rentals do not conform with the aggregate total of the O.H.E. registrations. Sometimes this is caused by just a slight mathematical miscalculation. Nevertheless it can cause a great deal of trouble and many times both buyer and seller are inclined to be most unreasonable.

Clauses relating to tenement house conditions should be watched very carefully. The average tenement house clause in the long form contract is very unfair to the seller. The clause stipulates that if there are any tenement house violations the seller will, at his own expense and prior to the closing of title, remove these violations. Any realtor who has had experience with the Tenement House Commission knows the difficulties of trying to remove some of these violations and that under present day costs it can be very burdensome.

What is sometimes recommended here is that if there are violations the seller will remove them provided the costs do not exceed "x" dollars (often set at \$100). If the cost exceeds that amount, the buyer has the option to take the property subject to the violations, remove them at his own expense after being credited \$100 abatement on the price, or he may refuse to go ahead with the deal.

With the mortgage market as it is today, the prepayment penalty clause in contracts can be another trouble maker. Actually this clause is a misnomer as it is not a penalty but a privilege. If a mortgage runs for 10, 15, or 20 years the owner, if there weren't such a clause in the contract, could be compelled

(Please turn to page 40)



CALIFORNIA TAXPAYER HELD UNIMPROVED LAND, offering it for sale to the public and eventually sold some of it. The treasury department said ordinary income resulted, while the taxpayer contended for capital gains. The taxpayer lost.

The Treasury's position was that the taxpayer was in the real estate business, whereas the taxpayer said property was held as investment. In deciding the case, the tax court recognized the following instances of real estate activity, among others, on the part of the taxpayer: 1) Part of land was regularly leased out for farming. 2) Part was leased out for rock quarrying and mining diatomaceous earth (rich in water algae remains) on royalty basis, care being taken not to interfere with prospects for later subdividing. 3) Part was subdivided and offered as home-sites, part was sold as residential acreage. 4) Annual reports from management to stockholders strongly advocated active land sales, as farming was unprofitable. 5) Promotional leaflets and brochures describing subdivision, were distributed to public, 6) At one time 10,000 postcards were mailed offering land at \$185 per acre. 7) Plats were made and area offered for park purposes to state and federal governments.

With these facts in the record, the taxpayer could not successfully contend that holdings were merely "investments."

CONSTRUCTION FIRM held a prime contract, used subcontractor who got financially entangled and did not pay his withholding taxes to the government. The treasury went after prime contractor, who had advanced money to sub for payroll purposes but the tax court

said "no," advancing payroll funds did not necessarily make you an employer and only actual employer is required by law to withhold and remit. Subcontractor owed, prime contractor did not.

ALLOWABLE CONTRIBUTIONS BY CORPORATIONS, even smaller ones, are not properly and fully taken advantage of believes one advocate of pay-asyou-go tax withholding. The tax law allows up to five per cent of corporate net income to be given away annually for religious, welfare, scientific, and educational purposes, and if this were done on what is estimated to be 1951 corporate earnings the total donations would come to 2.2 billions.

More specifically there is an opportunity to channel the giving so that public good-will will reflect on the giver, thus making the outlay one with some business bene-

Examples include the Sears-Roebuck plan which annually finances about 100 undergraduate college scholarships for students of farming because the rural population is "the consumer group through whose patronage the company originally grew prosperous and on whose continued support and good-will its future very largely depends." Clearly, the plan is in the realm of excellent public relations.

The Ford Company has a similar plan of financing full four-year college courses for children of company employees and Bulova Watch Company, Macy's and many other companies have similar set-ups. But the great majority of companies have done nothing in the way of setting up a useful plan and many are perhaps missing a good bet

RENTS WERE PAID by manufacturer-taxpayer, on premises owned by his wife, at rate of \$200 per month. After some years he drew up a written agreement that provided for paying over, as rent. 45% of the net profits and on this basis the rents shot up range from \$2,000 to \$6,000 per month. The tax court found this not to be an arm's length transaction, the payments had no semblance to real rental values and were not shown to be reasonable and the Treasury was upheld in putting deductible rentals back at \$200 per month.

SON OF TEXAS RANCHER started "his own" cattle business with cow and calf given to him. With parental guidance, the herd and bank account of the 14-year-old cow puncher grew considerably, and he filed federal income tax returns for a couple of years. The Treasury would not accept them, saying income was taxable to parents, and the tax court agreed. Later the appellate court said "no," the parents did not control the son's income, merely exercised managerial control over his property, hence income was not taxable to them but to the son.

THE USE OF RATIOS can help operating management in any and every business to work purposefully toward greater profits. Ratios express the numerical relationship between numbers, and in comparisons of ratios you compare proportions rather than mere dollar figures. An illustration:

A and B are operative builders of about the same size, in the same community. They compare operating statements. A's cost of finished construction was \$360,000, B's \$380,000. So what? So nothing. These figures are meaningless. But A's ratio of cost to sales was 78%, whereas B's was only 66%, and there we have something useful to work with. What made B's showing good, and A's comparatively bad? An analysis of the facts and figures will tell the story, for future guidance.

Operating ratios are usually expressed as percentages of net sales, which figure is stated as 100%,

thusiy:	
Net Sales\$100,000	100%
Cost of Sales 75,000	75%
Gross Profit 25,000	25%
Selling Expense 6,000 General Expense 8,000	6% 8%
Total Expense 14,000	14%
Net, before taxes\$ 11,000	11%

The usual statement will be much more detailed than that.



Homes Our Readers
Are Building

#### . IN TEXAS

#### Tape-recorded interviews held at home building sites add appeal to home builder's radio show



TAPE-RECORDED radio broadcasts, demonstration homes, and classified newspaper advertising are key merchandising plans of Builder G. S. McCreless in his suburban San Antonio subdivision. The radio broadcasts are 15-minute interviews previously conducted at a home building site with prospective buyers and key construction superintendents.

Built on 60x130-square foot lots, the McCreless ranch style homes have 6-inch monolithic floating slab foundations, sloped ceilings with 2x8-foot rafters serving as ceiling joists, Fiberglas rockwool insulation, and sell from \$10,500 to \$10,850.

The illustrated two-bedroom home has a combination attached carport and screened-in concrete slab front porch. Access to the 19x8-foot carport area is provided from the kitchen, living room, and front porch.

Combination storm- and screen- all-weather window units have been installed and extended use of roof overhangs provides shade for the front porch area and two front bedrooms.

The kitchen has asphalt tile flooring and is equipped with a Waste King disposal unit. Plumbing fixtures in the bathroom are manufactured by Briggs Manufacturing Company.

#### . IN CALIFORNIA

#### West Coast builder finds increasing buyer interest in Santa Ana area for three-bedroom homes

A SURVEY among prospective home buyers in the Santa Ana area pointed out to Builders DeVore, Fox, & DeVore that not enough three-bedroom homes were being built to satisfy the demand. Proof of this was shown when the first of the builder's two proposed three-bedroom home projects was sold out before construction was completed.

Using six basic floor plans and 11 different exteriors, 40 \$9,500 to \$11,250 homes on 60x134½-foot lots were built on a site that was originally a citrus grove. Many of the trees were preserved in the development and each property now has at least two orange trees in either the front or back yard.

The pictured \$9,500 stucco-constructed home has interior U. S. Gypsum plaster walls, aluminum casement windows, a brick fireplace, E. L. Bruce Company hardwood floors, Celotex roofing, and American-Standard plumbing fixtures.

The rear of the home has two exits to the landscaped back yard, one from the master bedroom and the other from the kitchen. The concrete slab front porch and adjoining sectional picture window are protected by an extended roof overhang.









#### . IN FLORIDA

Project of 20 \$11,500 to \$13,500 homes stresses "extra" storage facilities, step-saving room layouts

IN a project of 20 one-story, two- and three-bedroom homes, A. & P. Builders, Inc., of Daytona Beach, made special effort to meet the demands of today's home buyer for large convenient closet space and step-saving room layout.

Each bedroom in the \$11,500 to \$13,500 Daytona Beach homes has a 30-inch by eightfoot closet and each home has two linen closets, one in the bathroom and one in the cen-

tral hall.

All houses are built with 4x8x16-inch cement blocks which serve as the exterior finish. For variety in the subdivision, a wide range of pastel-colored paint, fieldstone trim, and vertical scalloped wood siding has been used for exteriors.

Interior furred walls are covered with rock lath and colored plaster and can be finished according to the purchaser's choice if the house is bought before the plastering is

completed.

All homes have tile roofs and window seals and a living room picture window with a section of rough-textured brick framing the ends. Bathrooms are tiled and equipped with Crane plumbing fixtures. A 30-gallon hot water heater is included in each home but complete home heating equipment must be provided by the purchaser.

#### . IN WASHINGTON, D. C.

Selling homes on an "option-to-buy" basis is proving successful for Washington, D.C., Realtors





SELLING homes on a seven-day "trial" basis is a promotional plan making sales for the Home Realty Company of Washington, D. C. During this option period prospects make a \$200 deposit and then are permitted to bring in carpenters, plumbers, and others to inspect the home's construction and to consider the house and location in terms of their own special problems.

Being sold in this manner are 100 "Cape Cod" homes, on 60x100-foot lots, built by the N. Nathan Shapiro Company in suburban Washington's Forest Glen area. The brick and redwood constructed two- to four-bedroom homes

sell from \$16,000 to \$20,500.

The pictured two-bedroom home with expandable attic has a 12x23-foot living room with a wood-burning, freestanding brick fireplace which separates this area from the dining room. Large awning-type windows permit a maximum of light and air to enter the house.

The kitchen is equipped with a General Electric range, 8-foot refrigerator, disposal unit, and automatic dishwasher that slides under the sink when not in use. The home is heated with a gas-fired perimeter warm air system.

## **Accounting for Real Estate Builders**

By BERT V. TORNBORGH, CPA

Part II

An essential factor in increasing the accuracy and cutting the cost of your accounting system is to keep an accurate record of labor and material per house. The answer is to make it easy for men on the site to record such facts. Here is a formula for computing such costs to arrive at an accumulative total to help set a fair selling price

Builders' Costs can best be kept track of if each project underway, each house, is clearly designated by number or other identification. This rule seems obvious, but it is frequently sinned against. Time sheets will come into the office without showing the location at which the men worked, and material bills or requisitions will omit the same essential fact. Some questioning, telephoning, or memo-writing will eventually get it straightened out, but time is wasted.

It is here that we have the bookkeeping bottle-neck for builders in the field, where the first source entries are made, on time sheets, on material slips and so forth. This is so because the men in the field are engineers, builders, craftsmen but not bookkeepers. To them. to get on with the physical construction is all-important, the bookkeeping details a headache. Besides, they know what men work on which job, they know what ma-terials are used where. There is therefore a tendency to assume that everyone else knows, too, including the bookkeepers back in the office, and if they don't get all the data they should get - well it is only bookkeeping, not very important.

This is all wrong, of course, but nevertheless a practical situation for the builder to contend with. The answer is not to fire bookkeepers every so often, or to read the riot act to the men on the job. The answer is to do everything possible to make it easy for the men on the job to record the basic facts as to man-hours and materials used. A timekeeper or other clerk at the field office usually takes care of that situation, but if the project is not big enough to warrant that expense the foreman gets the chore. It is a basic rule, then, that if you want your cost statements correct you must make it easy and simple for the foreman to record the dayto-day facts.

The preceding installment described the columnar disbursement record which would record costs by items such as they were listed on form shown in Figure 1. Most of those items are self explanatory cost items. As to Supervision and Timekeeper, however, we have a cost element that is not always so specific, by houses.

Supervision would mean general superintendence by the builder himself or his engineer in charge, or a project manager on larger projects. And the timekeeper would almost always be spending his time on a number of houses underway rather than on only one. We come to a problem of apportionment, therefore, of the total cost of supervision and timekeeping, so that each house will be charged with its proper share.

As neither project manager nor timekeeper can very well keep track of exact time devoted to each house, the allocation is done on a formula basis. Let's say that 10 houses were put up as Project C, and took five months to complete. Total cost of superintendence and timekeeping, for that period, would be \$6,000. If the houses were all similar, with similar cost, 1/10, or \$600, might be allocated to each. If houses were dissimilar it would be reasonable to apportion the \$6,000 in the ratio of cost for each house to total cost for the entire project; instead of a flat 10% for each house, some houses would be charged 12.5%, some 8%, and so forth.

Architect and plans, when paid for by the builder, are usually a specific cost per house. But a group of plans might also have been drawn up for a fixed fee for the entire project. Apportionment can then be made in like manner.

Taxes and water at first seem to be a specific item per house, but

it is a practical fact that houses are usually not separately assessed (and taxed) until the year after they are finished. In the year of construction there is, therefore, a land tax for the overall site to be apportioned, so much to each house. Water is usually a relatively minor matter and taken from one tap until most of the construction is finished and utilities hooked into the individual houses. At that point practically none is used until the house is occupied.

With these specific costs and apportionable costs we should now have a sound basis for accumulating total, detailed costs per house and can set a selling price that will bring in a proper return.

Accounting for Sales. When the builder is erecting a house to order. for a customer, he will have a signed contract with him and will open a ledger sheet for that particular house, on which all the costs will gradually be accumulated, as outlined in the foregoing. On that sheet he will assign space for notations as to dates and amounts of downpayments and subsequent progress payments. On completion, when the house is turned over for occupancy, there is a "closing" at which formal title is conveyed and customer pays up the balance, either from his own funds or through mortgage he has arranged for. In either event the builder is then finished and can figure his profit or loss on that particular deal.

When building on speculation, putting up the house first and hoping to find a customer later, the same basic facts pertain except that the customer part is deferred until a later date and the builder meanwhile finances the project out of his own or borrowed funds. At time of sale he matches selling price against cost and has his profit

(Please turn to page 38)



Walls and roof of this one-story 3,276-square foot "plastic house" are single-thickness asbestos fiber board applied to wood framing. Clerestory windows and skylights direct sunlight into center of house.

Builders looking for short cuts to lower home building costs that don't sacrifice quality may find helpful suggestions for construction problems in this detailed analysis of a West Coast "plastic-built" house

#### By R. TEISER and C. HARROUN

A NEW approach to cutting building costs through the use of plastics has been drawing crowds of interested builders and prospective buyers to an 11room, 3,276 square foot home in Danville, California, built at a cost of \$5.02 per square foot.

Primarily adaptable to a warm weather climate, the \$16,445 FHA-approved model home was built for the Consolidated Plastics Company of Danville, California, to demonstrate ways to save costs in materials and labor.

Walls and roof are single-thickness cement asbestos fiber board applied to wood framing. This material comes in four-by-eight-foot panels and is 1-9/16 inches thick. Its fiber insulating core of 1½ inches is fungus-, termite- and rot-resistant and is surfaced with a waterproofing and bonding asphalt. It is sandwiched between two hard thin sheets of slightly textured gray asbestos-cement. The surface is thus durable, fireproof and washable. It can be painted or stained, wallpapered or panelled.

stained, wallpapered or panelled.

Asbestos fiber board may be worked with ordinary carpenter tools, sawed, drilled, and, with care, nailed. Walls of the house are panels trimmed to 44-inch widths and stopped between posts set on a 48-inch center. For the roof, uncut panels are laid on top of the beams, with only perimeter support. They are fastened with aluminum screw nails and neoprene washers, then bonded together with a newly developed plasticized cement which dries to a hard rubber consistency and gives a permanent waterproof seal.

Light enters the center of the house through a row of skylights and clerestory windows of maize-colored corrugated Alsynite, a pliable translucent material that is lighter than aluminum and stronger than corrugated iron, comes in a variety of colors.

The combined entry-hall and conservatory has an 8x12-foot movable roof of rose-colored "Alsynite."

In summer it can be raised several inches above the wall top. Supported by light metal brackets. The same material in "aquamarine" is used for a sun shade overhanging the porch outside the living room's glass

(Please turn to page 41)



Combined front entrance hall and conservatory has rose colored plastic "Alsynite" roof. The 8x12-foot movable roof is hinged so it can be raised several inches above wall for added ventilation.



## Write the Way You Talk!

Sometimes, being in a hurry and without realizing it, business executives brush off correspondence with a few stuffy, archaic phrases . . . phrases that went out with the derby hat and spais. When those letters are received, they're like a slap in the face. But every one can be a valuable sales and promotion tool . . . a handshake . . . if they are sincere, friendly, natural, and easy to read

A GOOD letter has more selling power than most people realize. It can create a mood, arouse interest, pave the way for further action on your part. It's our observation that many real estate executives could make more effective use of letters than they do.

Letters can profitably be used for the following selling activities: 1) Promotion — developing leads.

2) Follow-up. 3) Good-will.

A promotional letter can do yeoman work for you. It can go where you might not easily go; it can be read at leisure. It can stimulate desire by stressing salient features of what you have to sell. It can introduce you to many new prospects.

The follow-up letter, so easily neglected by busy salesmen, can make the difference between a com-

plete wash-out and a successful sale.

For example, you spend an entire afternoon with Mr. Smith. You haul him from one place to another. You show him every house that you think might possibly interest him, but he doesn't seem to be interested. He doesn't seem to know what he wants, or even to want anything very badly. By the time you bid Mr. Smith good-bye you're a little fed up with him. But, considering the time you've spent, you feel that you have an investment in him.

Write him a letter. Tell him you're sorry you couldn't find the exact place he was looking for. Make it clear that you'll continue to work with him until you do find it. He'll appreciate your friendliness, and when he's ready for action (perhaps as soon as he's consulted his wife) you're the man he'll

go to.

All letters, in a sense, are good-will letters. There's always the chance to get in the friendly phrase, the offer of service, the touch that may result in a future sale. Good-will is tomorrow's business resting on to-day's preparation. Keep that in mind as you phrase even the most routine of business letters. But, of course, don't neglect the special, out-and-out good-will letter either.

For instance — the "thank you" letter. Those two words will make more friends for you than all the high-sounding phrases ever coined. "Thank you letters may be brief, but they should be sincere and spontaneous. You might write: "Thank you for referring Elmer Lee to us for help in finding a home. We appreciate your remembering us." Or, "I am sure that the house you bought was a wise choice on your part, one that you'll find suitable to your needs and a good investment as well. I enjoyed doing business

with you and I hope you'll call on me at any time I

might be of help.

It's almost a truism to say that the essence of a successful sales personality is the knack of establishing customer relationships based on friendliness and sincerity. But sometimes the glibbest, most genial of salesmen are likely to seem stiff and obscure when judged by their letters.

You know what we mean. Every day you receive letters that read like something copied out of a 19th century textbook: "In reference to your communication of the 11th inst. we beg to advise that after giving consideration to the matter at hand it is our judgment that —" and so on. Twenty-odd words before

the writer gets to the point.

Perhaps the above example is an exaggeration; perhaps there aren't many letters written in so awkward a style nowadays. But many firms that are on their toes in other phases of their business turn out

letters that are choked with stilted, archaic expres-

Why say "enclosed herewith"? "Enclosed" is enough. Why not simply say "attached" instead of adding "hereto"? Avoid phrases like "it is our regret." "we wish to extend our gratitude," and "beg to advise." You wouldn't talk like that. Why write that way?

Here are some do's and don'ts.

Do plunge right into the business at hand. It's usually unnecessary to begin with "We received your letter, etc."

Don't in being brief, be telegraphic. Don't omit words like "I" and "you." Try to make your sen-

tences flow smoothly.

Do be informal. The editorial writer may be doomed to the use of "we" forever; but when a letter-writer means "I" he should use it.

Don't, in an effort to be informal, go to the other extreme and be spritely. Slang should be used sparingly. Profanity has no place in a business letter. Humor should be mild and restrained.

Do use contractions like "I'll," "I've," "haven't," when you can do so naturally. Use exclamations occasionally, too—like "Fine!" or "Nonsense!"

Don't use a long word where a short one will do. Say "tell" for "advise," "buy" for "purchase," "about" instead of "in reference to."

Do use the reader's name occasionally in the body of the letter. Say "It has been a pleasure to do business with you, Mr. Jones."

IF you have a deal that is to be escrowed be sure to provide in the contract for an escrow. If you don't do so you cannot insist on an escrow, and you will not be permitted to show that it was "understood" or orally agreed that the deal was to be escrowed.

If a buyer "mentions" escrow it is advisable to get it settled before the contract is signed up. Otherwise after the contract is signed the buyer may insist on an escrow, and the seller may refuse and the deal will hit the rocks. Maybe the seller may be happy for it because the deal was not so hot, and maybe the buyer won't care, but how about our poor little broker. He'll have a problem of commission on his hands. But it's an ill wind that blows no good. The broker will need a lawyer, the lawyer will earn a fee, he'll buy his wife a rhinestone ring for her birthday, and she will be happy, the jeweler will make a little money and he will be able to pay his clerk, and we can carry this all the way back to the miner who dug up the stone. Maybe it isn't so bad after all.

In making out a deed or a lease or an agreement to be signed by you as agent for the party, never say "John Broker as agent for Anton Mefoofsky" or "Anton Mefoofsky by John Broker his agent."

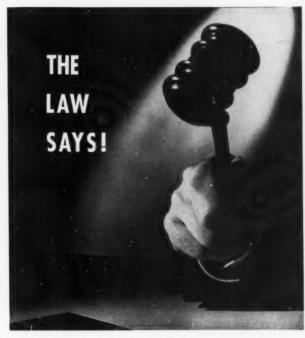
Draft the deed, lease or agreement as though it were to be signed by Anton Mefoofsky himself. But then when it comes to signing, sign it

Anton Mefoofsky (Seal) by John Broker His Agent

Agent and attorney in fact mean the same thing, but remember an acknowledgement by an agent requires a different form than the ordinary acknowledgement.

RATOVIL on Real Estate Law, Sec. 215, says: "The buyer has a lien on the land as security for repayment of purchase money paid in, and may enforce such lien if the seller is unable or unwilling to convey good side."

I was not familiar with that principle of law until I read the above. It does not seem to be of much practical importance because it is more expedient for a buyer to bring an ordinary suit to get his money back than to bring an action to foreclosure his



Will an oral agreement to "escrow" a contract stand in court?
What is the correct wording for an agent to use when acknowledging a deed or lease? What are the dangers in using "Quit Claim Deeds?" Can property acquired in a foreclosure suit be sold as personal property? Here's legal interpretation of these points

lien. Of course, if the buyer feared that the seller would sell the property, and "skiddoo" with the money, an action to foreclose would be the proper thing. This may help you out sometime.

 to convey a "good" title. The buyer must take the title as it is, and this may be a serious thing. This is something you must be on the lookout for. Don't say I didn't warn you.

A MAN died owning a building. What do you think his administrator did? He sold the building without a petition to sell real estate to pay debts and furthermore there were no debts.

How could he do that? The decedent had acquired the property in a foreclosure suit, and when property is acquired in a foreclosure suit, it retains the characteristic of personal property and therefore can be sold as personal property and personal property can be sold by an administrator even if it isn't necessary to do so to pay debts. Lamotte vs. Steichlinger 266 Ill. 600, 107 N.E. 850.

#### Accounting

(Continued from page 34)

or loss. He debits Cash with all payments received and credits the customer, after first having charged the customer with the total sales price and credited Sales. At times he might find it necessary to take back a second mortgage, if the customer cannot swing the deal any other way, or perhaps a first mortgage. In such case a will debit Mortgage Receivable (instead of Cash) and will have to keep track of interest due him over the life of the mortgage.

The general accounting facts as to sales are elementary. The selling price is so much, the cost so much, and the difference is either profit or loss. If profit, it is ordinary income to a real estate builder, whereas it would be capital gain to an investor. There is no law against a builder also being an investor, of course, the same as a stock broker can hold securities for sale and for investment and have ordinary income on one, capital gains on the other. The builder's investment would usually be land sites. He should carefully let his books show a segregation between the two: land held for sale and land held for investment.

How ordinary income is accounted for, taxwise, we all know fairly well, but the installment method presents some less known technicalities. An installment sale of realty is one in which the payments in cash or property (but not notes or other evidences of debt) received in the year of sale do not exceed 30% of the selling price, and the seller elects to report on the installment basis. Payments in cash means cash, of course, and payments in property would be any property taken in payment, at its fair market value, but not the buyer's note. The builder will know how much profit he has in the total sale, thus Selling Price (Con-

tract Price) . . . . \$25,000 Cost . . . . . . . . . . 20,000

Gross Profit . . . \$ 5,000 (20%)

In each subsequent year he will now apply 20% to his collections under the installment contract. and that 20% should be reported as profit on installment sales.

If the buyer defaults he may have to "repossess" the property he sold, and he may have a separate gain or loss on the repossession. Assume that this happens when he has gotten back half of his cost via installment collections. so that the property costs him \$10,000. He now compares that \$10,000 unrecovered cost with the fair market value of the property at date of repossession.

If the property has declined very seriously in value, say down to \$9,000, he has a \$1,000 loss on the repossession. If it stands at any figure over \$10,000, he will have a gain to the extent of the overage. and the repossessed property must be carried on his books at the fair market value, which will be the basis in case of later resale.

#### Home Design Contest

IN a competition set up to help architects and home builders achieve better design and construction, the Indianapolis Home Show, Inc., is sponsoring its annual house design contest to find the best design embodying a maximum of modern efficient living conditions with an exterior of lasting style and beauty.

Any architect, designer, draftsman, or student in a recognized school of architecture may enter in competition. There are no geographical limits of eligibility and any competitor may submit more than one entry. Closing date of the competition is December 16.

Further information and specifications to be met in the house design may be obtained from Mr. E. D. Pierre, Architectural Advisor, Indianapolis Home Show, Inc., 1456 N. Delaware Street, Indianapolis 2. Indiana.

#### NATIONAL REAL ESTATE SECTION

#### Training FOR.

FUTURE REAL ESTATE

Brokers, Appraisers, Managers Investigate our Home Study and Residential courses in Real Estate. Includes all phases of the business, G. f. Approved, On-The-Job Trainees can take either course. Established 1936

WEAVER SCHOOL OF REAL ESTATE Spite 300 Law Bidg. Kansas City, Mo.

#### It's Easy to Subscribe!

If you are reading someone else's copy of the Journal and you want this parade of profitable ideas coming to you every month, fill out this coupon and send with your remittance to: National Real Estate and Building Journal, Cedar Rapids, Iowa. Cost of a two-year subscription is only \$7.

Address ..... City & State .....  REALTORS METAL SIGNS — Write for Free Sample, Illustrated Literature and Prices — LANCELOT STUDIOS, 246 Third Ave., Pitts-burgh 22, Pa.

SYNDICATE will take long term leases on A-I locations in cities of 10,000 and up, or will buy retail properties subject to present leases, if any. Also complete shopping centers anywhere, EDW. MITCHELL, 276 Fifth Ave. New York City.

SIGNS (Silk Screen) designed by experienced layout man deliver more Sales Punch — faster spot recognition, 100 14x22, ll ply white or colored cards, one-color run \$44.50 (a.b. Two-color un \$34.50 Inquiries invited on Metal, Fluorescent or other signs. ROY SAUM, 834 Florida Ave., York, Pa.

LONG CASH . TERM LEASE For Hotel Properties COAST TO COAST CANADA OR MEXICO

representative will be glad to call and

Our representative will be grad to set work with you.

For satisfactory arrangements, utmost dependability and outstanding security WRITE or CALL COLLECT.

H. J. DAINN, REAL ESTATE DEPT., 3500 BOOK TOWER BLDG., DETROIT 26. MICH., "PHONE WOOdward 2-5400 WE ARE NOT BROKERS WE ARE HOTEL OPERATORS

#### For Business Opportunities — Motels

COLUMBUS, OHIO Willard Piper, Inc.

METAL SIGNS, 14 x 20, Lots \$.44 each. Realtors Sign Service, Box 1022, Greenville, S.C.

SPECIALISTS IN PRINTING FOR REALTORS

THERMOGRAPHED BUSINESS CARDS & STATIONERY LISTING FORMS . CONTRACTS ETC. (STOCK & SPECIAL) WATERPROOFED CARDBOARD & METAL SIGNS. ETC.

D FOR SAMPLES AND PRICES Whileomb Printing Co. WASHINGTONVILLE, N. Y.





#### SIGNS that sell

Metal or Cardboard any size, color or Trade Mark.

Write for details. PROMPT SERVICE



#### Commission

(Continued from page 21)

What of the buyer who secretly represents both the owner and the buyer in a transaction? It is a well-settled rule that the broker is not entitled to any commission, unless he has informed both parties that he is acting for each side. The fact that there is no actual fraud, nor that neither party is actually injured, does not prevent the operation of the rule which is based upon public policy. This does not mean, however, that a broker may not be employed as a mere middle-man, who is simply to bring the parties together and allow them to make their own bargain. In such a situation, the broker is entitled to compensation from each, regardless of the fact that neither party knows that the realtor is being paid by the other.

Generally, the broker cannot enforce the owner's promise to pay commissions unless the broker has treated the owner with complete fairness. For example, a broker cannot recover commissions when he sells the property to his wife or other close associates whose pecuniary interests are related to those of the broker, without disclosing these facts to the owner.

In the cases where the broker has a net listing and his commission is the excess over a fixed price net to the owner, some courts have allowed the broker to recover his commission on a sale to himself or his associates, if there is a clear showing of no fraud. Even in this latter situation, such a sale is frowned upon, however, and many courts would uphold the owner and relieve him of any obligation to compensate the broker.

In one case a broker had an option to purchase running concurrently with his agency to sell. The broker exercised the option without informing the owner of an offer he had received which involved some financing. The broker, after purchasing the property, resold it to the person from whom he had received the offer. The owner promptly sued the broker for the profit the broker had made. The broker lost both the lawsuit and his license.

The fact that the broker fails to tell the owner that he has located a potential purchaser, however, does not deprive him of his commissions when the owner later closes the deal with the purchaser, if the buyer comes to and deals with the owner after being first interested by the broker. Again, if the broker was substantially a procuring cause of the sale, the owner must pay him his commission. Where the broker fails to notify the owner of his prospect and the owner and the prospect later close the sale at a figure smaller than the listing price, the courts are di-

# Build better Build sooner with PREFABRICATION

## Profit with PREFABRICATION

Construction of prefabricated homes continues to show increases in its rate of gain compared with total home building. The swing is unmistakable. Find out how builders, lenders and realtors everywhere are learning that Prefabrication answers man-power and material shortages and why it is the economical, quick, permanent and profitable way to meet America's housing needs. For the complete story, write for FREE booklet. "Build better-build sooner"

✓ Start Sooner!
 ✓ Complete Quicker!
 ✓ Sell Faster!
 Profit with Prefabrication!



#### **How Much Does a Salesman Cost?**

ONE of the problems troubling real estate executive's in to-day's fluctuating market is how to select, train, and retain the best possible salesmen. A few executives hire on the basis of "the more the merrier." Others keep their sales force down to a non-competitive minimum.

A gauge by which to measure the worth of individual salesmen and judge the healthiest number to hire is to study the overhead costs

A JOURNAL check of realtors in 10 cities shows that the percentage of gross commissions and the allotted costs per full time salesman for advertising, secretarial help, rent, and telephone, vary greatly.

The average percentage of gross commissions for the above four office expenditures is 27.1%, ranging from a low of 14.7% to a high

Average cost per full time salesman is \$2,430.00 a year, from a low of \$1,189.00 to a high of \$3,666.00.

The following table gives the over-all results of the Journal survey by office expense:

	Percentage of Gross Comm.				Cost per Full Time Salesman		
	High	Low	Ave	rage	High	Low	Average
Advertising	16.4%	2.8%	11	%	\$1,848.00	\$245.00	\$967.00
Secretary	8.9%	5.5%	7	%	873.00	450.00	660.00
Rent	8.2%	4.0%	6	%	600.00	300.00	441.00
Phone	4.0%	2.4%	3.	1%	345.00	194.00	262.00

## Product Progress

#### "Bomb Resistant" Window

A special three-layer window laminated into a single unit is being manufactured by the Pittsburgh Plate Glass Company to help reduce the effects of explosive forces. The outer layer is a sheet of glass, the middle layer a partially segmented sheet of polyvinyl butyral plastic, and the inner layer has four triangular-shaped pieces of glass.

The plastic layer extends beyond the glass edges

and is bolted to the window frame to serve as a hinge. It will stretch up to 400% of its unstressed length and return to within one-half of one per cent without

Normal atmospheric pressures will not affect the "Flexseal" bomb window but when an excessive pressure wave hits the window it opens automatically by folding about its edges. This action releases the pressure, preventing the window frame from being blown in and greatly reducing the possibility of flying fragments.

#### Circular Measuring Device

A new aid for appraisers in general estimating, lease work, and land map checking is a rotary measuring instrument, two feet in circumference, that registers 100 feet per cycle. As the unit rolls over the surface to be measured, a built-in "totalizer" gives an

#### NIRENSTEIN'S ATLASES

Now Available

#### **Occupancy Charts Of Downtown Retail Business Districts**

153 CITIES - 24 STATES

Alabama Connecticut Delaware District of Columbia New Hampshire Florida Georgia Louisiana

Maine

Maryland Massachusetts Mississippi **New Jersey New York North Carolina** 

Pennsylvania **Rhode Island** South Caroling Tennessee Teves Vermont Virginia West Virginia

3,978 Strategic Locations Clocked and Checked 745 Photographs - 306 Aerial Views Real Estate Histories

Oklahoma

WRITE NOW . . . For Illustrated Brochure

#### NIRENSTEIN'S NATIONAL REALTY MAP COMPANY

377 Dwight St. Springfield, Mass. audible click every two feet and a loud bell tone indicates 100-foot total. Measurements are indicated in both feet and inches

The "Rolatape" device has a 34-inch collapsible handle, folds to a 8x8x2-inch size for carrying and storage, has a reset indicator on handle, and total unit weighs two and three-fourths pounds. The instrument is manufactured by Rolatape, Inc., Santa Monica, California.

#### **Rubber Base Wall Coating**

Truscon Laboratories of Detroit, are marketing a rubber base, one coat interior wall and ceiling soft matte finish that shows no "dead spots" from the lime in plaster or because of variations in porosity of surfaces. The coating is resistant to alkali and requires no sealer.

The product, called "Paratex" wall coating, can be applied with brush, roller, or spray, has no offensive odor, is available in a variety of colors, and is

quick drying.

#### Combination Storm-Screen Window

Addition of a storm-screen combination to its line of pressure seal double-hung windows has been made by Andersen Corporation, Bayport, Minnesota. The unit features a full length wood screen reinforced by a narrow aluminum center bar.

Two lightweight wood storm panels fit into the screen from the inside and are held in place by thumb-operated fasteners. The combination unit hangs from standard hardware and uses standard

friction operators.

#### Folding Stairway

Remodeling plans for utilizing waste space in attics and garages can be simplified by use of folding stairways that can be raised and stored in the overhead space when not in use.

EZ-Way Sales, Inc., St. Paul Park, Minnesota, manufacture a wooden sectional folding stairway equipped with a tempered spring-operating mechanism and a self-locking device to insure rigidity when in use. When folded, a flush panel closes off the ceiling opening. A dowel rod fitted with a hook is used to lower the unit.

#### Legal Problems

(Continued from page 30)

after one or two years to pay interest for the full term and the mortgagee could demand it.

This is the contract and a condition of the bond. The so-called prepayment penalty is a prepayment privilege of paying it off and at the same time paying a stipulated amount for such privilege, instead of paying interest for the unused life of the term of the bond and mortgage.

In listing real estate it is well to consult the seller shortly after the listing to inquire what the encumbrances are and also what the terms and conditions of the mortgage obligation are. If this is done, the seller will not receive the shock of his life at closing time when he finds that he is going to get considerably less than he anticipated from the sale proceeds of his property

Another pitfall to watch for is contract clauses or in offers to purchase unfinished buildings or buildings in partial stages of construction. Sound practice indicates that under those circumstances an escalator clause be included to protect the seller so if there are any deviations in price of labor or materials the seller will have ample protection.

Sometimes even that does not go far enough. Many contracts further provide . . . and should provide . . . for the privilege of substitution, particularly now when many materials are on the critical list.

A fair and equitable clause inserted by many builders and developers in their contracts state that if there is any disagreement between seller and buyer at the time of closing regarding interpretation of specifications, the seller reserves the right to return the buyer's deposit without cost to either party.

This helps to avoid the risk of some supercilious buyer making calculations and measurements of a property and then accusing the builder of falling short in his specifications or of insisting that allowance be made for any items not previously covered.

The general practice of providing for warranty deeds is gradually losing ground. In New York, for example, the warranty deed is the rare exception to any closing. After all, if a buyer makes a proper examination of his title, and both he and his counsel are satisfied with that title, there is no reason why the seller should burden himself, his family, heirs and assigns, and possibly his estate with a contingent liability for breach of warranty.

#### Plastics

(Continued from page 35)

wall. This color filters out about 80% of the sun's hot infra-red rays.

Alsynite is also used as the upper half of the double garage door, letting light into the garage but keeping the weight of the 20-foot door down to 160 pounds. Further uses include shower doors (suspended on trolleys), exterior awnings, and windows where light but no visibility is desired.

For sink tops, counters, bathroom and shower walls, and bathroom and outdoor dining terrace floors, "Kolorbord" has been used. This product is made of crushed stone fused onto a vermiculite asbestos back, impervious to water, fire, rot, or rust. It can be sawed and delibed for exercise.

Plastic "Rezinplate" has been used for wall panels. It consists of a hard layer of clear rezin fused onto a rezin pulp board back, with a layer of decorative paper between. In one instance birch bark was photographed for the decorative design, in another monk's cloth, in another bleached mahogany. Rezinplate comes in four-by-eight-foot panels, can be worked with ordinary tools, and is easily maintained.

Wood surfaces, which include kitchen cabinets,

Wood surfaces, which include kitchen cabinets, U. S. Plywood "Plankweld" bedroom wall panel, and U. S. Plywood "Triated Weldtex" squares used for one living room wall, are finished with a coat of quick-drying clear plastic. One coat gives an invisible but protective finish; two coats give a varnish-like gloss.

A heating system based upon use of plastic pipe laid under the floor in the concrete foundation block was installed. It is a combination of radiant, warm air, and perimeter heating. The heating unit is a Janitrol space heater, which blows hot air into a tunnel running along one perimeter of the house. From there the air flows through the plastic pipes laid at right angles to the tunnel, into a collector trench at the opposite perimeter, and out into the house through registers. One advantage of this system is the lack of time lag which characterizes standard radiant heating systems.

#### Survey

(Continued from page 29)

When asked what equipment is provided in laundries, 26% of the builders said automatic washer, 10.4% said automatic dryer, 72.9% noted laundry tubs, and 1.04% mentioned drying racks.

In order of preference, the types of heating systems used are: forced air, 68.2%; space, 22.3%; gravity, 14.8%; hot water, 6.7%; central, 3.4%.

In types of fuel used, gas led with 85.4% (this is a drop of 2% from that shown in a survey taken in 1947 . . . with the gas restrictions now in force the use of this type fuel may well drop further); oil followed with 38.7%; then electric 1.9%; coal (stoker) 1.3%; coal (manual) .6%.

Panel or radiant heating seems to gain and then lose favor when results of this year's survey are compared with those in 1947 and 1949. In 1947, 16% of the builders replying to the JOURNAL's survey said they were using this type heating. In 1949, the percentage increased to 26.3% and this year's results show 20.1% specify panel or radiant heating.

show 20.1% specify panel or radiant heating.
One question in the survey asked builders to list in order of preference the features of their new homes that they stress most and that have the most appeal to prospects. As would be expected, location, design, and construction were the three top favorites but number six in the list was "air conditioning."

This ranking in a list that included 15 other items is significant. In 1947 a similar survey showed air conditioning rated the 15th spot, out of a possible 16. Two years later, builders surveyed gave air conditioning 14th place.



Now more than ever

## POLLMAN HOMES by THYER offer GOOD BUSINESS INVESTMENT!

Designed for good living, durability and low building cost this is a preferred investment for thrifty buyers.

Desirable territories are available in some oreas for men of unqualified integrity and sound business ability. Your inquiry is invited.

WRITE OR WIRE FOR



# BETTER CONCRETE SLABS COST LESS with SISALKRAFT

LAID OVER SUBFILL



Big building, above; small home, below; SISALKRAFT covering subfill of both

#### FOR BUILDINGS OF ALL SIZES

Whatever the job . . . from humblest homes to the biggest buildings . . SISALKRAFT helps you build better for less. For instance, by laying SISALKRAFT over subfill before you pour any concrete slabs (at ground level or in excavations), you'll get denser, harder, drier floors, at lower cost, because . . .

- 1 Water and cement can't seep through SISALKRAFT into the subfill . . . the specified concrete-mix proportions and desired slab-characteristics are thus maintained.
- 2 SISALKRAFT blocks penetrations of concrete into voids of subfill . . . no concrete "fingers" can form to draw up ground-moisture into slab by capillary attraction.
- 3 You save concrete and labor . . . get better slabs at lower cost.

In many other ways, too, SISALKRAFT and SISALATION (Reflective Insulation) help you to build better for less.



Write Dept. NR-10





## Among Ourselves

Realtors from all corners of the U. S. will converge on Cincinnati, sometimes called the "Paris of America." November 11-16 for NAREB's 1951 convention. Convention planners promise that hard and fast answers will be given to such pressing problems as the war's effect on real estate, Regulation X, new credit regulations, farm real estate, mortgage money market. Speakers scheduled for the 44th annual convention include author Louis Bromfield, economist Arthur F. Weimer, appraiser Herman B. Walther, Dr. Norman Vinent Peale, and the JOURNAL's legal editor, George F. Anderson.

The President stirred up a hot bed with his recent statement that industries meeting dispersal standards would get preferred treatment from government allocating agencies. Neither the House nor the Senate went along with this blooper. In fact, they're setting machinery in operation to bar Administration hold in this respect. It points up, however, that it's a good idea to keep what the government calls "dispersal" policies in mind when drawing plans for industrial plant building.

Winners were recently announced in an annual home building contest sponsored by Parents' Magazine. Awards were made on a national and regional basis and according to price classification. The National Merit Award went to Builder Jere Strizek, Sacramento, California, (who also won a regional award) for a house costing less than \$16,000. On a regional basis and in the under-\$16,000 price category, other winners were: B. V. Zamore, Waldwick, New Jersey; Robert C. Davenport, Alexandria, Virginia; Albert Balch, Seattle, Washington; Fritz Burns, Los Angeles.

Aubrey M. Costa, president of Dallas' Southern Trust & Mortgage Company, is the new president of the Mortgage Bankers Association of America. Realtor Brown L. Whatley, president of Stockton, Whatley, Davin & Company of Jacksonville, Florida, is vice-president for the new year.

Harvard Economist Sumner Slichter has come up with details of "Mr. Average American." Here's how to recognize him. He has an annual income of \$3,600, \$2,500 term insurance, employer-paid hospitalization, \$200 savings bank balance, no other investments, pays \$65 monthly housing costs, and has \$20 a month available for savings.

A recent survey among New Jersey realtors showed that they control the spending of \$6 million annually for maintenance, modernization, and replacements of income-producing properties in that state.

Labor, financing, and materials are the only problems worrying builders today. A growing shortage of improved lots is causing concern. With so many uncertainties facing them, builders are hesitant to begin development of new areas because of the large and long-range commitments that are required.

In a third quarter report to the President, Defense Mobilizer Wilson says that 1952's home building volume will probably reach 869,000 . . barring all-out war or other unforeseen "hitches." Government officials see no bright hope for steel situation before mid-summer in 1952.

#### CONSULT THESE SPECIALISTS...

#### FOR REAL ESTATE SALES

- ALBANY, N.Y.
   Picotte Realty, Inc.
   120 Washington Ave.
  - Richards Real Estate Co. 722 Market St.
- BOSTON, MASS. Henry W. Palmer 51 Adams St. Milton 87, Mass.
- . DENVER, COLO. Garrett-Bromfield & Co. Security Bldg.
- · DENVER, COLO. V. J. Dunton Realty 400-10 Midland
- TOLEDO, OHIO Schuster & Co. George E. Schuster Gardner Bldg.

NEW YORK, N.Y.

Fass & Wolper, Inc. 7 East 42nd St. Main Street Proper-ties Anywhere in the U.S.A.

• KNOXVILLE, TENN.

#### FOR EXPERT APPRAISAL SERVICE

- · BUFFALO, N.Y. Walling, Stevens & 194 Main St.
- · NEWARK, N. I. Van Ness Corp. H. W. Van Ness, President 24 Commerce St.
- COLUMBUS, OHIO William P. Zinn & Co. 37 North Third St.
  - · NEW YORK, N.Y. Scientific Appraisal Corp. 7 East 42nd St. \$200,000 values and up only

• PHILADELPHIA.

Richard J. Seltzer M.A.I. 12 South 12 St.

•ST. LOUIS, MO.

Otto J. Dickmann, M.A.I. 1861 Railway Ex-change Bldg.

- EAST ORANGE, N.J. Godfrey F. Preiser, M.A.I.—S.R.A. I.N. Harrison St.
- LOS ANGELES, CALIF. Marshall W. Taggart 1640 Wilshire Blvd.
- MINNEAPOLIS, MINN. Norman L. Newhall, M.A.I. 519 Marquette Ave.
- NASHVILLE, TENN. Biscoe Griffith Co.
  —Since 1914—
  214 Union St.
  Tenn.—Ky.—Ala.
- · NEWARK, N.J. Harry J. Stevens M.A.L. 478 Central Ave.
- oST, LOUIS, MO. Henry R. Weisels Co. S.I.R.—Est. 1894 318 North Eighth
- TOLEDO, OHIO Howard W. Etchen M.A.I. Etchen-Lutz Co.

#### FOR LAND PLANNING

· WILMETTE, ILL. Myron H. West 916 Greenleaf Ave.

#### FOR IDEAL STORE LOCATIONS

- · ALBANY, N.Y. Picotte Realty, Inc. 120 Washington Ave.
  - NEW ORLEANS. Leo Fellman & Co. 829 Union St.
- · ALLENTOWN PA The Jarrett Organization 842 Hamilton St. "Specializing Eastern Penn."
  - OKLAHOMACITY, OKLA. H. F. Bradburn Fidelity Bldg.
- · AUGUSTA, GA. Sherman-Hemstreet Realty Co. 801 Broad St.
  - OKLAHOMACITY,
- · BALTIMORE, MD. B. Howard Richards, Inc. Morris Bldg.
- o SARASOTA, FLA. Don B. Newburn 144 So. Pineapple Ave.
- COLUMBUS, OHIO William P. Zinn & Co. 57 North Third St.
- · SCHENECTADY. N.Y. R. C. Blase 434 State St.
- ODES MOINES, IA. Donahoe Investment Co. Retail, Wholesale, Industrial
- TOLEDO, OHIO The Al E. Reuben Co. 618-20 Madison Ave.
- KANSAS CITY,
   Mo.
- Mo. Moseley & Company Retail, Wholesale, Industrial Suite 1111, Insur-ance Exch. Bldg.
- WASHINGTON, D.C. Shannon & Luchs Co. 1505 H St., N.W.

#### FOR FARMS AND RANCHES

- BRADENTON, FLA.
- Walter S. Hardin Realty Co. 26 years experience Hardin Bldg., 402 12th St.
- · DENVER, COLO. V. J. Dunton Realty Co. 400-410 Midland Sav-
- •OKLAHOMACITY, OKLA. Patterson Realty Co. 202 Hales Bldg.

LOS ANGELES, CALIF.

Co. 412 W. 6th St.

California-Nevada

#### FOR PROPERTY MANAGEMENT

- COLUMBUS ONIO William P. Zinn & Co. 37 North Third St.
- . DENVER, COLO. V. I. Dunton Realty Co. 400-10 Midland Sav-ings Bldg.
- · DENVER, COLO. Gar ett-Bromfield & Security Bldg.
- TOLEDO, OHIO Schuster & Co. George E. Schuster Gardner Bldg.
- . TOPEKA, KAN, Greenwood Agency 108 East Seventh St

#### FOR INDUSTRIAL SITES & PROPERTIES

- · ALBANY, N.Y. Picotte Realty, Inc. 120 Washington Ave.
- OKLAHOMACITY, OKLAHOMA Tom Pointer Co. 304 Local Bldg.
- · ALLENTOWN, PA. The Jarrett Organization 842 Hamilton St. Specializing Eastern Penn."
- oST. LOUIS, MO. Otto J. Dickmann, M.A.I. 1861 Railway Exchange Bldg.
- oCOLUMBUS, OHIO William P. Zinn & Co. 37 North Third St.
- oST, LOUIS, MO. Henry R. Weisels Co. S.I.R.—Est, 1894 318 North Eighth
- CONNECTICUT AND VICINITY
   Nathan Hercup, Inc.
   61 Allyn St.
   Hartford
- OSAN JOSE, CALIF. Thos. L. Mitchell & Co. 97 E. Santa Clara
- •INGLEWOOD, CALIF. Emerson W. Dawson P.O. Box 555
  - SCHENECTADY,
     N V R. C. Blase 434 State St.
- KANSAS CITY, MO.
- Moseley & Company Retail, Wholesale, Industrial Suite 1111, Insur-ance Exch. Bldg. Shortill & Hodgkins Limited Limited 2781 Yonge St.

#### Rates for Advertising

In the "Consult These Specialists" Department: Per

- Issue \$3,00 2 lines - 6 issues \$3.50 2 lines - less than 6 issues \$4.00
  - Additional lines, 50 cents per issue. No charge for city and state lines.

Builders ...

you can't afford to sell out of this price range...





## The Defense Housing Act of 1951 Benefits Builders in the \$7,000 to \$12,000 Price Range!

GUNNISON HOMES, Inc. also benefits builders in this bracket
... manufacturing high quality homes to sell at a moderate
cost! GUNNISON HOMES are of a quality found only in higher
priced homes—yet are designed to sell to the mass market!
Gunnison offers a wide variety of models, floor plans and
elevations! Investigate the possibility of including
GUNNISON HOMES in your building program! For more
complete information, write Dept.E-18, GUNNISON HOMES, Inc.
New Albany, Indiano.



